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NEWS SUMMARY

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...ade fines

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...ader jailed

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... rds today hears the ... over its London ... licy.

BUSINESS

Sterling slightly up; gold off $7.5

● STERLING finished slightly higher, helped by comparatively high interest rates. It rose 55 points to $1.9045, and its Bank of England trade-weighted index advanced from 90.5 to 90.7. It rose from DM 4.29 to DM 4.295, but fell from SwFr 3.4575 to SwFr 3.445 and from FFr 10.815 to FFr 10.805. Page 23

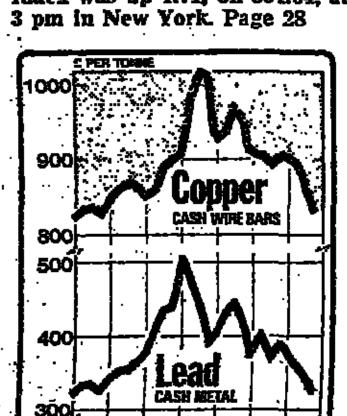
● DOLLAR showed slight falls, from DM 2.259 to DM 2.254, from SwFr 1.82 to SwFr 1.8075, and fro Y218.65 to Y217.5. Its trade weighting was down from 106.6 to 106.3. Page 23

● GOLD fell $7.5 an ounce in London, to $395.5. Page 23

● GILTS were driven down 0.53 to 63.96 by a scarcity of investment funds. Page 30

● EQUITIES dropped, with dealers on the defensive because of revived concern about UK labour problems. The FT 30-share index shed 2.4, at 517.8. Page 30

● WALL STREET: Dow Jones index was up 1.71, on 854.64, at 3 pm in New York. Page 28



● COPPER and LEAD dropped to their lowest levels for six months on the London Metal Exchange. Cash copper wirebars fell £14.25 to £835.5 a tonne, and cash lead fell £3 to £326. Page 29

● GAS PIPELINE to collect 100m cubic feet a day from the North Sea's Magnus, Murchison and Thistle fields, was announced by Energy Minister Hamish Gray. Page 11, Back Page

● FORD unions put forward proposals for volutary regulation of efficiency improvements the company wants agreed before increasing it 4.5 per cent pay offer. Talks resume tomorrow.

● NATIONAL newspapers have offered 30,000 print workers rises of about 5 per cent next January. Page 10

● GERMAN Banks, Dresdner Bank and Bayerische Vereinsbank, members of a syndicate headed by Midland Bank, are reluctant to agree the the rescheduling of a $131m Laker Airways debt. Page 7

● WEST GERMANY'S third largest bank, Westdeutsche Landesbank, is to withdraw its Eurodollar bond trading operations from London to its Duesseldorf headquarters next year. Back Page

● BRITISH PETROLEUM is discussing with industrial groups the sale of its Isle of Grain refinery, due to shut at the end of 1982. Back Page

● AVANA, the food group, increased pre-tax profits for the half ended September 26 by 79.6 per cent at £3.61m, with the inclusion of Robertsons Food results. Page 20; Lex, Back Page

● METAL BOX pre-tax profits for the six months ended September were £18.7m (£19.9m), but almost double the firset-half figure. Page 20; Lex, Back Page

● ASSOCIATED LEISURE (amusement machines' pre-tax profits for the half ended September 14 were 27.3 per cent down at £2.3m, after allowing £5.8m depreciation. Page 20; Lex, Back Page

...ICE CHANGES YESTERDAY

(...ence unless otherwise indicated)

RISES			
...	32 + 7	Metal Box	168 + 12
...ages	90 + 9	Royal Bank Scotland	186 + 4
...	129 + 4	Tunnel B	488 + 8
...	127 + 4	Utd. Engineering	210 + 25
...Union	135 + 6	Vinten	182 + 16
...	37 + 8	Hampton Areas	160 + 18
...	42 + 6	FALLS	
...Clays	148 + 7	Treasury 12% 1995	£84 − 1
...tates	165 + 5	Treasy. 11¾% 2003-07	£83¼ − ⅞
...ngs	54 + 8	Assoc. Leisure	55 − 4
...)	310 + 8	GEC	753 − 7
...vel	267 + 10	Martin (R. P.)	310 − 10
...	60 + 5	Bond Corp.	136 − 10

Tebbit threatens union funds

BY CHRISTIAN TYLER, LABOUR EDITOR

EMPLOYERS will be able to sue large trade unions for up to £250,000 in damages for unlawful industrial action under legislative proposals published yesterday.

The Government's second round of union legislation since it came to power would go much further than the 1980 Employment Act by exposing union funds to civil actions in the courts.

For most of this century unions have been immune from the kind of actions which can be brought against their members or officials.

As well as this historic change to British industrial relations law, Mr Norman Tebbit, Employment Secretary, is seeking to narrow further the boundary of lawful industrial action.

The definition of "trade dispute" which confers legal immunity, would be altered to exclude disputes between workers, sympathetic action staged on behalf of foreign workers, and union attacks on employers whose own employees were not taking industrial action.

This measure appears to be aimed particularly at action by seamen's unions in blacking ships whic do not pay the rates laid down by the International Transport Workers Federation.

Mr Tebbit's other controversial proposal is to give employers greater freedom to dismiss striking workers. At present dismissed strikers can claim compensation for unfair dismissal if they can prove discrimination.

The consultative document published yesterday suggests that it will be enough for an employer to give notice of, say, four days, that those who fail to return to work will be lawfully sacked.

The closed shop issue—one of the most politically charged in the Conservative Party—has been dealt with by raising considerably the financial compensation obtainable by those who can show they were unfairly dismissed through non-membership of a union in a closed shop establishment.

In theory compensation would be unlimited, but the average minimum could be between £20,000 and £40,000.

Closed shop "victims" would also have redress if support for the closed shop had not been periodically tested.

The Government proposes to outlaw as far as possible the practice, said to be common among local authorities and nationalised industries, of insisting that subcontractors employ union labour.

Finally, further encouragement is to be given to the use of secret ballots by unions by extending State financial aid for ballots on wage offers as well as for industrial action decisions and internal elections.

Yesterday's package, due to be drafted as a Bill after Christmas, largely fulfils employers' expectations that Mr Tebbit would go much further down the legislative road than his predecessor at Employment, Mr James Prior. Although not meeting all the demands of the Tory Right, it was widely welcomed by employer bodies and condemned by the TUC.

Mr Len Murray, TUC general secretary, said the country could be in for an action replay of the 1971 Industrial Relations Act.

Industrial action would be vulnerable to court action in most circumstances and to "obscure, bizarre and prejudiced legalistic reasoning."

He said: "We shall see this attack off like we saw off the attacks by a previous Conservative administration."

Despite his remarks, Mr Murray said nothing to suggest that the TUC will be able to mobilise mass trade union action against the proposed Bill.

Mr Tebbit said the proposals aimed to safeguard the liberty of the individual and improve the labour market by providing a balanced framework of industrial relations law.

He argued that the climate was right for a further step, but admitted that, apart from recent closed shop cases, there were no specific industrial events motivating the latest amendments.

The Opposition has already undertaken to repeal the Government's "anti-union" measures when returned to power. But last night Mr Tebbit said he would not advise anyone to bet on the chances of a parliamentary majority in favour of repeal after the next general election.

Yesterday's proposals are the product of evidence submitted by over 300 organisations since publication of a Green Paper in January. They are being invited to comment on the proposed amendments before the Bill is drafted.

Further legislation on trade unions is unlikely in the life of this Government.

Employer organisations have given a largely unqualified welcome to the legislative plans. The Confederation of British Industry said it believed changes were needed in existing law to support orderly industrial relations and to protect the individual, and Mr Tebbit's pro-

Continued on Back Page

Consultative document in full and Tebbit statement, Page 10; Commons reaction, Page 11
Editorial comment, Page 18

Tories unite to welcome plan

BY PETER RIDDELL

THE GOVERNMENT'S industrial relations proposals were yesterday favourably received by Conservative MPs of all shades of opinion within the Party.

The reaction from the Labour Party was, however, as universally hostile as expected.

The signs were last night that Mr Norman Tebbit, the Employment Secretary, has not gone so far that he has aroused the open opposition of the moderates, while he is in a much stronger position than Mr James Prior, his predecessor, to answer those on the right who want even stronger measures.

Mr Tebbit yesterday offered a "soft sell," stressing that his proposals were intended to be moderate and cautious. They represented a further step beyond last year's Act but were not nearly as radical as the Heath administration's legislation in 1971.

The emphasis on safeguarding the position of the individual against the union has a particular appeal to Tory MPs.

During questioning Mr Tebbit received support from several right wing Tory MPs and had little problem in assuring them that the time was not appropriate for direct action to make the closed shop illegal, as requested by three of them.

Mr Tebbit was no commital when questioned about possible further legislation later in this Parliament.

Many MPs interpredted this to imply that any major new action might not come in until after the next election.

The Tory moderates generally supported the statement or kept quiet.

In private, however, some of

Continued on Back Page

Reagan wins funds extension

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

THE BUDGETARY emergency which threatened to shut down the U.S. Government appeared to end late yesterday when the House of Representatives voted 221 to 176 to give President Ronald Reagan part of what he wanted—a simple extension of Federal spending powers to December 15.

It was expected that the Bill would quickly be passed by the Senate and signed by the President.

The move was made possible by the defection of 43 Democrats who acceded to the President's demands.

Earlier President Reagan had thrown the U.S. Government and legislature into chaos by vetoeing a stopgap budget Bill because it failed to meet his demands for spending cuts.

The move, effectively depriving the Government of funds to operate other than essential services, enraged both Democrats and Republicans on Capitol Hill, who had spent the weekend trying to draw up an acceptable compromise.

Laid-off Federal workers began leaving their offices, as urgent negotiations took place to try to end the dispute — Mr Reagan's toughest confrontation so far with Congress.

In announcing the veto, his first, Mr Reagan said he had decided to "hold the line" on spending at the risk of interrupting Government services. He admitted that some citizens might be inconvenienced and that there was "a possibility of some temporary hardship" but blamed Congress for failing to provide a reasonable Bill.

The Bill which the President vetoed had been sent to the White House on Sunday.

It offered Mr Reagan an additional spending cut of around $2bn (£1.05bn) in the 1982 budget against the $8.4bn he asked for in September.

"By refusing to make even this small saving to protect the American people against overspending, the Congress has paved the way for higher interest rates and inflation and the continued loss of investment, jobs and economic growth," Mr Reagan said.

The Democrat-dominated House of Representatives decided not to try to override the veto, a move that would require a two-thirds majority of both Houses.

Mr Reagan had promised that social security and other benefit payments would be made on schedule and that national security would be protected. Government activities essential to the protection of life and property, such as treatment of patients in veterans hospitals, air traffic control and the functioning of the nation's banks and postal services were to continue.

But in Washington, the Commerce Department shut down all but a few essential services, while most other ministries were awaiting instructions. Sales from the Government's strategic tin and silver stockpiles were suspended.

Earlier story, Page 4

3-D cameras will go on sale in March for less than $200

BY BARRY RILEY

NIMSLO three-dimensional cameras go on sale in Florida in March, Dr Jerry C. Nims, chairman of Nimslo International, announced yesterday in London. The company is raising $30.5m (£16m) through a London share issue underwritten by merchant bankers Baring Brothers.

Dr Nims said that the cameras, to be made by Timex Corporation in Dundee, would be sold below $200. Mass production would begin in January, and the target was to sell 250,000 units during 1982.

Production would be building up through the year, and by the end of 1982 Timex was expected to be making 500,000 cameras a year.

The launch will follow consumer testing in Florida and Ohio.

Nimslo 3D cameras have four lenses, and use standard 35mm colour film. The three-dimensional effect is produced by combining the four images during processing on a special print material with a transparent corrugated surface. Dr Nims said yesterday that each picture would cost the same as a Polaroid print.

Dr Nims said the sales campaign would be extended in line with the increased production of cameras.

For the time being the company would have only one processing facility, at Atlanta, Georgia.

The issue prospectus say that entry into the European market is scheduled for mid-1982, beginning with a test launch in Switzerland. In 1983 the company is expected to set up processing in Australia, and will then move into Japan.

Dr Nims said Nimslo had cash balances of more than $30m, no debt, and enjoyed a great technological lead. "We stand today in an absolutely superb position." he claimed.

Dealings in the company's shares are expected to begin next Monday in London on the unlisted securities market.

Although shares are held by a number of British investors, mostly clients of brokers Carr Sebag, control of Nimslo International rests with a Bermuda company called Nimslo Technology. Shareholders of this company include the private Norwegian group Fred Olsen and associates. Olsen is understood to control Timex Corporation.

Men and Matters, Page 18

CONTENTS

Two army wives injured by IRA booby-trap bomb

BY JAMES McDONALD

SCOTLAND YARD said last night that the booby-trapped bomb which exploded yesterday morning injuring two women outside Woolwich Barracks in south-east London was thought to be the first such device planted on the British mainland.

One of the women was seriously injured by the device which was of a kind widely used in Northern Ireland.

The Provisional IRA claimed responsibility for planting the bomb concealed in a booby-trapped child's toy pistol. This was the fifth attack in the IRA's latest London bombing campaign which has taken three lives in the past six weeks and brought to 43 the number injured.

The plastic pistol, packed with 2 or 3 ozs of explosive, was fitted with an anti-handling device. It was triggered by one of the women's dogs, a Labrador, which was badly injured.

Scotland Yard warned that: "If the IRA is using something as innocent as a child's toy to conceal explosives, then clearly the public must be even more vigilant."

Mr Peter Bottomley, Conservative MP for Woolwich West, condemned the bombers when he arrived at the scene soon after the explosion.

By implication, he criticised the Rev Ian Paisley. "It is too simple to expect that demonstrations in Ulster today, led by a fellow MP, would be allowed to go off by the Provisional IRA without them making some attempt to get into the news."

Commander Mike Richards, head of Scotland Yard's anti-terrorist branch, said that the anti-personnel device was spotted on Sunday night by military personnel who thought it had been dropped by a child.

Both women — Mrs Veronica Eadsforth (35) and Mrs Edith Hewitson (36)—live in Woolwich and are soldiers' wives. They were walking their dogs when the bomb went off. Mrs Eadsforth was seriously injured in the leg and foot, and had to have emergency surgery. Mrs Hewitson was treated for shock.

Paisley's 'Day of Action' hits industry in Ulster

BY BRENDAN KEENAN IN BELFAST

MUCH OF Northern Ireland's commercial and industrial life was halted yesterday as thousands of workers left their jobs during the "Loyalist day of action" called by the Rev Ian Paisley, the Democratic Unionist leader.

But crowds at the various rallies, particularly in Belfast, were small compared with crowds at last week's protest after the shooting of the Rev Robert Bradford, the Official Unionist MP for Belfast South.

Most of the workers who stopped at midday—appeared to have gone straight home and, while the strength of feeling among Protestants is clear, the divisions between the main Unionist parties still seem to stand in the way of that feeling being translated into effective political action.

The Northern Ireland Confederation of British Industry, which asked workers not to strike, said that between 75 per cent and 90 per cent of employees in major industries, had stopped.
to have gone straight home and

In Belfast the shipyards, Short Borthers' aircraft factory and major engineering concerns closed in the afternoon. But only about 1,500 people attended a meeting outside the shipyard gates. The shop stewards' plea for a return to work was ignored.

Outside Belfast the situation was more mixed. Some companies like Michelin, were forced to close but others, like Goodyear and Dupont, were able to keep production going.

About 250 workers left the Ballylumford power station but engineering and management staff stayed on and there was no disruption to supplies.

Some train and bus services were affected, and afternoon flights to and from Belfast were cancelled. Several schools closed earl yand allowed pupils to go home.

Many provincial towns, particularly those with largely Protestant populations, were closed off during the day as protesters blocked major roads with cars and agricultural vehicles.

The Northern Ireland Cham-

Continued on Back Page

Picture, Page 11

Communists irate over employers' refusal to invest

BY DAVID WHITE IN PARIS

THE ATMOSPHERE of bitterness which is permeating the French political scene worsened over the weekend with the country's employers coming under fierce attack from leaders of the Communist Party and the large Communist-oriented trade union, the CGT.

M Henri Krasucki, the CGT deputy leader who is due to head the organisation next summer, accused employers of putting aside "enormous hoards" rather than investing, and denounced those who invested in production facilities abroad.

"What use are they in French society?" he demanded in the course of a radio interview. M Georges Marchais, the Communist leader, adopted a similar tone in a speech in Marseilles. He, described employers as "the aristocrats of the capitalist regime" and accused them of refusing to invest and using the right-wing parties in Parliament to create "systematic obstruction."

The statements highlight the conflicting pressures on Prime Minister Pierre Mauroy, who has been unable to convince employers of the attractiveness of employment incentive measures. M Krasucki, who is a member of the Communist political bureau, said the Government had been "generous" to business in some of the measures proposed to date.

M Georges Marchais

Although both he and M Marchais — using identical phrases—said the Government was "going in the right direction," M Krasucki repeated earlier criticisms about inadequate wage rises and about the Government's recent controversial decision to raise social security contributions.

BP to reduce capacity of Rotterdam refinery

BY CHARLES BATCHELOR IN AMSTERDAM

BRITISH PETROLEUM is to reduce the capacity of its Rotterdam refinery, the largest in the group ,to 20m tonnes from 23m tonnes within the next few weeks. The refinery which balances demadn and supply for other group refineries in Europe is currently working at around 35 per cent capacity.

The company denied a union claim that it intends to reduce capacity to only 16m tonnes, of which 8m would be on "Standby."

The Rotterdam refinery, which is working at below BP's European average level of 55 per cent of capacity, may process more crude oil next year when a new cracker installation comes on stream. The cracker will produce petrol, for which, there is relatively strong demand, from heating oil. New capacity has also been installed to process high-sulphur oils.

The cut-backs in Rotterdam reflect BP's plan to reduce European capacity to 60m tonnes from 100m tonnes, a spokesman said. Capacity cuts have also been announced in Britain, West Germany and France.

Average capacity use in Dutch refineries fell to 44 per cent in the first half of 1981

Business confidence declines in EEC

By Giles Merritt in Brussels

BUSINESS CONFIDENCE is on the wane again in the European Community, after having risen steadily between May and September. The sharpest plunge has taken place in Britain.

The European Commission said that, for the Community as a whole, its "business climate indicator" had dropped 0.5 per cent in October, while for the UK it declined 4 per cent.

Officials point out, however, that last month's reversal masks continued optimism among industrialists about the longer-term outlook for their order books. For the Community, judgments on order books improved by 2 per cent in October, bringing the rise since mid-year to 11 per cent.

In Britain, despite a weakening in production expectations, order book judgments improved 3 per cent. The survey notes that the sustained optimism about orders "continues to signal a recovery

Unemployment, however, has increased again, according to statistics released in Brussels yesterday, and stands at almost 9.7m. The figures are to the end of October, and show a 200,000 increase that month, lifting the unemployment rate to 8.8 per cent.

The survey points out that the deterioration seems "particularly marked" in West Germany, the Netherlands, Denmark and Luxembourg.

Since October last year EEC unemployment, excepting Greece, has risen by an average 32 per cent, but in West Germany the increase has been 54 per cent, and now stands at 1.36m or 5.2 per cent. Britain's year on year increase is put at 45 per cent.

● The EEC yesterday entered the final fray to determine the size and shape of next year's budget, writes Larry Klinger. Budget ministers of the Ten, who will meet today to discuss the European Parliament's increased spending proposals, spent yesterday closeted with parliamentary leaders in an attempt to avoid the kind of rows that have erupted into serious clashes in the past two years.

Daunting task for Italy one year after quak

BY RUPERT CORNWELL IN ROME

WITH A mixture of hope, sorrow and resignation, a 10,000-square mile area of southern Italy yesterday held a "day of silence" to remember the earthquake which ravaged it on a cold Sunday night a year ago.

The townships marked in different ways the anniversary of those 90 terrible seconds. Some 10,000 people marched between Pescopagano and Conza, two of the worst afflicted centres. At Sant Angelo dei Lombardi, 85 per cent destroyed that evening, a simple stone plaque was unveiled, commemorating the 2,753 people killed. At Muro Lucano, meanwhile, Sig Giuseppe Zamberletti, the Government's special commissioner for relief and reconstruction work, presented new pre-fabricated houses for 720 families made homeless by the disaster.

In the 12 months since, much has been achieved but even more remains to be done. Impressively speedy rebuilding and a returned vitality exist alongside racketeering, political meddling and corruption. Almost everywhere there is a different story, and a differing degree of success or failure.

So far L2,300bn (£1bn) has been spent on more secure dwellings. When the programme is completed, the outlay will be L3,300bn. "It is as if we have built a town of 120,000 people in six months," according to Sig Zemberletti.

Delay there has been, but less perhaps than might have been expected given the chaos and disorganisation of the first few days last November, when the authorities seemed utterly overwhelmed by the scale of the disaster.

Today, some 30,000 people are still living in caravans in the 35 most devastated communes. Many of them are likely to have to face a second winter of acute discomfort. The real doubts, however, surround the future. If the experience of previous Italian disasters is any guide the pre-fabs still billed as temporary may take on a permanent air, as memories and commitments fade. Moreover, the real tasks of reordering agriculture and, above all, of attracting new industry remain largely untackled.

Sig Giorgio la Malfa, the Budget Minister, yesterday estimated the damage to buildings alone at L10,000bn (£4.4bn). If damage to industry and farming is included, the total bill might reach L15,000bn

On top of this there is the special problem of Naples and its hinterland where a stretched social fabric was brought to breaking point. Over t of the city's 1.3m peopl without a safe roof over heads and a crash progr to build 20,000 home which the Government allocated L20,000bn—has threatened by the collap the local government whic intended in part to run it

To the disorder of Naple its environs can be traced of the pressure from the underworld to gain a sli the huge pile of reconstr work—all the more sinc earthquake has made the ings of traditional crime difficult.

West Berlin puts curb on foreign population

BY LESLIE COLITT IN BERLIN

WEST BERLIN has curtailed sharply the entry of young foreigners seeking to join their families working in the city, and is to deport foreigners at the age of 18 if they have not lived here for five years.

The Christian Democrat ruled city state has become the first part of West Germany to introduce such measures in a move taken without consulting the Government in Bonn, which is led by the Social Democrats.

West Germany does not refer to the foreigners and *Gastarbeiter* ("guestworkers") in the country as immigrants because it has no policy to grant them citizenship.

A decree which took effect last Friday stipulates that the children of foreigners living in West Berlin may not join their parents if they are over 16 years old, instead of 18 as previously. Furthermore, foreigners will be deported at 18 if they have not lived in West Germany for five years no matter whether they are apprenticed or have a job.

Herr Heinrich Lummer, West Berlin's Interior Minister justified the harsh measures by pointing out that the city's goal of integrating the foreign families into West German society was impossible because of their growing numbers. The "emergency brake" had to be applied as there were 240,000 foreigners in West Berlin's population of almost 2m.

Half of the foreigners are from Turkey. Herr Lummer said many Turkish parents brought their children to West Berlin just before they reached 18 years of age, making it nearly impossible to find them jobs.

Frau Liselotte Funcke, the West German Government's commissioner for foreign workers, criticised the "guillotine-like steps" taken by West Berlin. She said they ran counter to Bonn's attempts to achieve uniform measures

West Berlin has also restricted the practice of the children of foreigners here marrying foreigners and obtaining immediate entry for them. In future, a foreigner must have lived in West Berlin for five years and must have a job before the wife or husband can enter the country.

Madrid hi back at car protes

By Robert Graham in Madr

THE SPANISH authoritie once have shown subtlet making the punishment fi crime. Reacting to st complaints from the p about the centre of Ma being overrun at the wee by Franco sympathisers blo their car horns, the Min of Interior imposed unp dented driving penalties.

The Director General Traffic said that 1,500 p had had their driving lic suspended for three month fined Pta 20,000 (£113) various acts of improper ing.

Never before have authorities reacted in su way to a demonstration However, not for many has the capital witnessed a spectacle of hooting blocking the main street commemoration of the anniversary of General Fra death.

The demonstration has voked a storm of protest the main left-wing parties complained about police ency in tolerating the il presence of para-military forms and use of the nat flag for political ends.

The drivers may have the laugh. If the present dro continues, pollution levels become so serious that N will be forced anyway to the use of private cars.

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Banks closer to Polish debt accord

By Peter Montagnon

WESTERN BANKS are moving closer to setting a date for signing their debt rescheduling arrangement with Poland agreed in principle last September.

A small group of bankers is to meet Polish officials in Warsaw again next week to try to finalise the complex legal documentation of the deal which will allow repayment of 95 per cent of debt that falls due in the last three-quarters of this year to be deferred for seven years.

This follows three days of talks last week at which good progress was made, although some points of substance remain to be clarified.

Assuming these differences can be ironed out next week, a date could soon be set for signing the agreement.

E. German church under attack

BY OUR BERLIN CORRESPONDENT

THE EAST GERMAN leadership has delivered a withering attack on the country's Protestant Church for supporting East Germans of conscription age who want to join a "social peace service" instead of serving in the armed forces. The attack, not heard in recent years, marks an apparent rupture between the church and the Communist state.

Herr Werner Walde, first secretary of the Cottbus District, told a central committee meeting of the Communist Party that the church action was "hostile to peace, socialism and the constitution" of East Germany.

Earlier this month, synods of regional Protestant churches declared their support for some 4,000 conscientious objectors. The young East Germans had petitioned the church to help them obtain an alternative to military service by being allowed to work in hospitals and homes for the elderly.

Herr Walde told the central committee that "these people forget that our entire republic is a social peace service."

The regional Protestant churches also condemned the growing "militarisation" of East German life. This has apparently angered the Communist leadership as much as the church's backing for young dissenters.

At the same central committee meeting, East Berlin's tough Communist leader, Herr Konrad Naumann, said that in the recent conscription in his city, only seven young men missed reporting for service. "But comrades," he said, "none of the thousands of young men tried to evade his patriotic duty."

Herr Eberhard Aurich, deputy head of the Free German Youth organisation, said the "defence preparedness" of all young East Germans was to be increased and the best of them will be chosen for a military career. He announced his youth organisation would hold meetings throughout the country next month on the theme of "peace must be defended—peace must be armed!"

While the East German Protestant Church has been a rallying point for disaffected youth, it has carefully avoided confrontation with the Communist leadership. It is unclear whether this cautious approach has been abandoned by the church, whose membership has steadily declined to some 7m East Germans.

COMPANY NOTICES

RMP

RAND MINES PROPERTIES LIMITED

(Incorporated in the Republic of South Africa)

A Member of the Barlow Rand Group

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the fourteenth annual general meeting of members of Rand Mines Properties Limited will be held in the Rand Mines Limited auditorium, lower ground floor, the Corner House, 63 Fox Street, Johannesburg, on Wednesday, 13 January 1982 at 10h00 for the following purposes:

1. To receive and adopt the financial statements for the year ended 30 September, 1981.
2. To elect Mr. N. A. Honnet as a director and to re-elect the directors retiring in accordance with the company's articles of association.
3. To consider and if deemed fit, to pass with or without modification, the following ordinary resolution: "Resolved that the shares neither allotted nor issued at 13 January 1982 be placed under the control of the directors who be and they are hereby authorised, subject to section 221 of the Companies Act, 1973, to allot or issue those shares in their discretion on such terms and conditions as and when they deem fit to do so."

For the purpose of determining those members entitled to attend and vote at the meeting, the company's transfer books and register of members in South Africa and the United Kingdom will be closed from 6 to 13 January 1982, both dates inclusive.

A member entitled to attend and vote at the meeting may appoint one or more proxies to attend, speak and act, and vote on a poll in his stead. A proxy need not be a member of the company.

Completed proxy forms should be forwarded so as to reach the registered office of the company or the transfer secretaries, or the United Kingdom secretaries, at least 48 hours before the time of the meeting (which period excludes Saturdays, Sundays and public holidays).

By Order of the Board
R. M. SEYMOUR, Secretary.
Johannesburg
20 October 1981

Office of the United Kingdom Secretaries:
40 Holborn Viaduct,
London EC1P 1AJ.

SOCIETE DES AUTOMOBILES SIMCA (ACT CHRYSLER FRANCE)

7% 1967/1982 LOAN OF $US 15,000,000.-

We inform the bondholders that the redemption instalment of $US1,250,000.- nominal due 15th December 1981 has been satisfied by the drawing for redemption of the undermentioned bonds on 23 October 1981, in Luxembourg, in the presence of an "Huissier."

The bonds will be reimbursed at par on 15th December 1981, coupon due 15th December 1982 and followings attached, according to the modalities of payment on the reverse of the bonds.

The numbers of such drawn bonds are as follows.

3523/3526	3543/3544	3563/3651	3653/3656	3658/3678
3684/3691	3700/3706	3711/3713	3716	6363/6366
6369/6370	6373	6378/6379	6383/6395	6401/6406
6409/6411	6413/6415	6418/6419	6430/6433	6438
6447/6449	6459/6465	6468	6473	6475/6477
6481/6482	6487/6491	6497/6508	6513/6517	6528/541
6543	6546/6560	6606/6610	6626/6628	6644
6647/6648	6651/6652	6664/6665	6676/6682	6689/6698
6700/6702	6704/6709	6712/6718	6724/6749	6751/6752
6754	6756/6771	6773/6781	6783/6784	6790/6791
6795/6797	6799/6800	6802/6809	6813	6816/6826
6828/6860	6862	6864/6877	6879/6892	6894/6895
6898/6900	6902	6913/6918	6952/6953	6959
6963/6970	13806/810	13835/917	13922/929	13933/938
13943/945	13950/957	13966/967	14018/074	14078/117
14138/144	14149	14154/212	14215/235	14248/257
14282/297	14318/371	14373/395	14411/414	14427/455
14461/509	14511/525	14531/535	14537/556	14558/561
14563	14569/570	14574/575	14584/640	14656/684
14687/710	14716/741	14743/772	14781/794	14798/849
14859				

The following bonds previously called for redemption have not yet been presented for payment.

Due 15th Dec. 1977:	8191			
Due 15th Dec. 1978:	9068/9072	9552/9553	11057/11061	11178
Due 15th Dec. 1979:	11846/13438			
Due 15th Dec. 1980:	3750	3909	4032	4341
	4401	4418	4445	4495
	4568	4700/4701	4734	4843
	5430	5790	5856	6130
	6231	6263/6264	6305	6308/6309
	6318/6319	6337/6341	6347/6356	

Amount outstanding after 15th December 1981: $US1,250,000.- nominal.

THE PRINCIPAL PAYING AGENT
SOCIETE GENERALE ALSACIENNE DE BANQUE

15, Av. E. Reuter,
Luxembourg.

GOLD FIELDS GROUP
GOLD FIELDS OF SOUTH AFRICA LIMITED

(Incorporated in the Republic of South Africa)

DECLARATION OF FIRST INITERIM DIVIDEND (NO. 67) — UNITED KINGDOM CURRENCY EQUIVALENT

In accordance with the Standard Conditions relating to the payment of Dividend No. 67 declared on 6 November 1981, payments from the office of the United Kingdom Registrar will be made in United Kingdom currency at the rate of exchange of R1.844294 South African currency to £1 United Kingdom currency, this being the first available rate of exchange for remittances between the Republic of South Africa and the United Kingdom on 23 November 1981 as advised by the Company's South African Bankers.

The United Kingdom currency equivalent of First Interim Dividend (No. 67) of 15 cents per share is therefore 8.13318p per share.

By order of the board,
C. E. WENNER,
London Secretary.

London Office:
49 Moorgate,
London EC2R 6BQ.
United Kingdom Registrar:
Close Registrars Limited,
803 High Road,
Leyton,
London E10 7AA.
23 November 1981

ANNOUNCEMENTS

INTERNATIONAL BANKER

A growing international bank requires a senior banker to assi in the management and development of its Eurocurrency bankii business worldwide and to develop specialist financing techniqu Areas of expertise should include management and direction lending activities—evaluation of credit risk, negotiation a completion of lending transactions with clients—and specil banking experience gained in London, New York, Middle a Far East. It is unlikely that anyone not already at senior executi level would have the necessary expertise and stature to hand this challenging position. Additionally, candidates must be educate to degree level in business management and economics and hav at least 8-10 years' relevant banking experience. Although th position is based in London it involves considerable travel. Sala negotiable with excellent fringe benefits.

Please write enclosing full career details which will be treate in strictest confidence to Box A7683, Financial Times, 10 Cannon Street, EC4P 4BY.

LEGAL NOTICES

TO ALL WHOM IT MAY CONCERN

We David John Du Cann of The Grange House, High Street, Ketton and Douglas Michael Harrison of 5 Regal Close, Kings Road, Ealing, London, W5 having for the last 6 months carried on the trade or calling of Restaurateur and Chartered Accountant respectively, DO HEREBY GIVE YOU NOTICE that it is our intention to apply at the Licensing Transfer Sessions for the said District to be held at the Town Hall, Leicester on Thursday, 10th day of December next for the grant to us of a Justices' Licence authorising us to sell by retail intoxicating liquor of all descriptions subject to the conditions hereinafter provided for consumption either on or off the premises situate at The Ground Floor, Du Cann's Wine Bar, 29 Market Street, Leicester and known by the sign of "Du Cann's Wine Bar" of which premises L.R.P. (Investments) Limited of 3 Wycliffe Street, Leicester are the owners.

AND FURTHER TAKE NOTICE that it is our intention to ask the Licensing Justices to insert a condition in such licence restricting the Licence to the sale of wine only.

GIVEN under our hands this 6th day of November 1981.

OWSTON & CO.,
23 Friar Lane, Leicester.
Solicitors and Authorised Agents for the said D. J. Du Cann and D. M. Harrison.

IN THE MATTER OF A. B. AGRICULTURAL AVIATION LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 24th day of December, 1981, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned Keith David Goodman, FCA, of 3/4 Bentinck Street, London W1A 3BA, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 12th day of November, 1981.

K. D. GOODMAN,
Liquidator.

No. 003697 of 1981

In the HIGH COURT OF JUST Chancery Division Companies C In the Matter of HESTBROW LIM and in the Matter of The Comp Acts 1948 to 1980.

NOTICE IS HEREBY GIVEN tha Petition for the winding up of above-named Company by the Court of Justice was on the 30th of October 1981 presented to the Court by Lance Plant Hire Limite 75, Rickmansworth Road, Amers Buckinghamshire.

And that the said Petition is dir to be heard before the Court sitti Companies Court, 3rd Floor, The Thomas Moore Building, Royal C of Justice, Strand, London WC2A on the 7th day of December 1981; any creditor or contributory of the Company desirous to support oppose the making of an Order the said Petition may appear at time of hearing in person or by Counsel for that purpose; and a of the Petition will be furnished by undersigned to any creditor or co butory of the said Company requ any such copy on payment of regulated charge for the same.

BRUCE LANCE & CO.,
87 Easton Street,
High Wycombe, Bucks
Solicitors for the Petitioner.

NOTE. Any person who intend appear on the hearing of the Petition must serve on or send by to the above-named notice in wri of his intention so to do. The no must state the name and addres the person, or if a firm, the name address of the firm, and must be sig by the person or firm, or his or Solicitor (if any) and must be se or if posted, must be sent by in sufficient time to reach the ab named not later than 4 p.m. in afternoon of Friday the 4th Dece 1981.

CLUBS

EVE has outlived the others because policy of fair play and value for mo Supper from 10-3.30 am. Disco and musicians, glamorous hostesses, exc floorshows. 189, Regent St. 734 0

THEATRES

VAUDEVILLE. S CC 01-836 9988. ings 7.45. DONALD SINDEN. SHERIDAN. GWEN WATFORD. BETH COUNSELL in PRESENT LAUG DONALD SINDEN and GWEN WAT — 1981 SWET Award Nomi MUST CLOSE AFTER 300 PERFS

VICTORIA PALACE. CC. 01-828 47 01-834 1317. Evgs 7.30. Wed 2.45. Group sales 01-379 6061. LAST WEEK. Opens Bristol drome 22 December.

YOUNG VIC (Waterloo). 928 63 Dec 14. Evgs 7.30. Seats WINTER'S TALE. Studio. Trickster's Last Throw.

...mark party ...ler jailed ...tax fraud

...ARNES IN COPENHAGEN

...al court yester- ... Mr Mogens ... of the country's ... to four years in ... of DKr 4m ... tax fraud of ... y grave charac- ... rup was also ... ife from prac- ... r.

... r trial in the ... Court, he had ... ty of the lesser ... ary tax fraud ... .5m (£100,000). ... erdict and sen- ... e a significant ... outcome of the ... on December 8. ... said yesterday: ... is completely ... t been properly ... ll appeal to the ...

... his party from ... if necessary, he ... hat the verdict ... party's electoral ... only goes to ... angers of giving ... to the bureau- ... who has studied ... minutes knows ... ally nor morally ... thing wrong."

... Party holds 20 ... seat Folketing ... It first gained ... when it won a ... per cent of the ... ts. This made it ... est party in the ... r the Social ... ecent opinion ... n that the party ... bout 10 per cent ... s time, losing a ...

... came to promin- ... hen he declared ... hat tax evaders ... pared with war- ... fighters. He also ... paid no income ... owing year he ... Progress Party, ... bolishing income ... ng reductions in ... or bureacracy.

... Mr Glistrup was ... f the biggest law ... enhagen, with a ... 100 and special- ... counting.

... was charged with ... Kr 4m and trying ... es on another ... years and 201 sessions of the city court later he was fined DKr 1.5m, ordered to pay DKr 1.9m in tax and costs bringing his total bill to DKr 5.5m.

The appeal court case has lasted three years. When he was denied the defence counsel of his choice, Mr Glistrup drew the attention of the United Nations and the European Court for Human Rights to his plight.

Mr Glistrup . . . "I have done nothing wrong"

The key to Mr Glistrup's tax avoidance scheme was that corporate income tax is levied at a flat rate of 40 per cent, which is much lower than marginal income tax rates on higher incomes, and that interest on debt is fully tax deductible.

He advised clients to obtain a loan from one of almost 3,000 companies formed by himself for the purpose. They were thus able to reduce income tax liability. By a computerised system of book-keeping transactions between his many companies, Mr Glistrup was able to achieve an almost indefinite postponement of tax liabilities.

The case against him was that these transactions were "fictional," with no real content, and that the system thus constituted tax fraud.

...ore strikes send pay ...soaring in Norway

...ER IN OSLO

...ing a wages ex- ... offshore oil ... ing a series of ... s this autumn ... strikers have ... ious, in every ...

... nent's use of ... tration over the ... to settle wage ... irred oil em- ... ancy. There is ... that runaway ... orth Sea oil in- ... to inflated de- ... and workers in ... age bargaining. ... xample of the trend was the wildcat strike on Norwegian-owned mobile rigs, some of them working in Britain's sector of the North Sea, which has disrupted exploration programmes. It ended at the weekend with the rig-owners accepting both of the strikers' main demands.

No employee will be penalised for striking and when the current pay agreement expires next spring the owners have promised to negotiate with the militant new union formed by the rig-workers during the dispute.

Continuity pledge by Finnish candidate

By William Dullforce in Stockholm

THE FINNISH Centre Party's candidate for President, Dr Johannes Virolainen, has promised that there will be no change in the country's foreign policy if he is successful in the election next January.

Dr Virolainen, who is 67 and Speaker of Parliament, was chosen as his party's candidate at the weekend, despite promptings from Moscow and the advice of its own chairman.

He now becomes the main challenger to Mr Mauno Koivisto, the social democratic Prime Minister and acting President, who was supported by more than 60 per cent of people questioned in a recent opinion poll. Mr Koivisto's opponents have expressed doubt about his acceptability to Moscow but he has not so far provoked any adverse Soviet comment.

The Centre Party's leading organs had backed Dr Ahti Karjalainen, a former Prime Minister and acting Governor of the Bank of Finland, but 2,666 conference delegates voted for Dr Virolainen, their former chairman, against 1,365 for Dr Karjalainen.

Pravda, the Soviet Communist Party newspaper, in a commentary on Friday said that the Centre Party was taking "the most important decision in its entire history" and had clearly expressed its preference for Dr Karjalainen.

It mentioned no names, but references to difficulties between the two countries in 1958, when Dr Virolainen was Foreign Minister, and to the need for a President who understood the importance of Finnish-Soviet trade could only be read one way in Finland.

Dr Karjalainen has for many years been chairman of the joint commission which supervises trade between the two countries.

Finland's independence since 1939-45 war has hinged on its treaty of friendship and co-operation with the Soviet Union and relations with Moscow are the lynchpin of Finnish foreign policy.

Under the constitution, the President is responsible for foreign affairs and, for the past 25 years, President Urho Kekkonen, a centre party leader, has ensured that ties with the Kremlin were safe. Illness forced Dr Kekkonen (81) to announce his retirement last month.

Until Friday's commentary in Pravda, the Soviet Union appeared to be avoiding interference in the election.

Loss of the party nomination does not completely preclude Dr Karjalainen from the presidency. The election is a two-stage affair in which voters first select an electoral college of 301 members from party lists.

The electors in the college vote for their party's candidate in the first round but are then free. A deadlock within the college could still open the way for Dr Karjalainen to win a majority as a compromise candidate.

Prague wants to reduce its dependence on fuel imports, writes **Paul Lendvai**

Czechs face up to their economic plight

FACED WITH a wave of hoarding and panic buying in anticipation of price increases, the Czechoslovak public has moved from an underestimation of its economic plight to an "exaggerated dramatisation," the Prague Communist daily, Rude Pravo, complained recently.

The paper comforted its readers that the situation was "difficult but not hopeless." Such words could only provoke a chuckle among readers of the usually turgid prose of the party paper who recall the great joke in Central Europe between the wars: When asked how things were in the 30s, a German replied that the situation was "serious but not hopeless," while the light-hearted Viennese preferred to say, "the situation is hopeless but not serious."

It is a matter of dispute whether Czechoslovakia's economic outlook should be called "serious" or "hopeless."

The Czechoslovak Communist Party leadership itself spoke about "unprecedented difficulties," *following the recent* plenary meeting of its central committee, warning that the economic situation would worsen further in the next year. It is of course no surprise to the population that Czechoslovakia, once a model of industrial democracy in Central Europe, is now caught in a crisis.

Nevertheless, the fact that normally cautious leadership has now begun to inform the public about the gravity of the country's economic position, which for quite a few years has been hidden behind the façade of the much publicised political consolidation, is significant.

Statistics quoted more and more frequently by the Government-controlled media show that Czechoslovakia, once the "shop window of Central Europe," has become a laggard of the industrial world.

According to the Prague-based Research Institute for Foreign Trade, Czechoslovak engineering enterprises can only produce from a given amount of metallurgical raw materials products worth 2½ times less than in the EEC. At the same time, consumption of fuels and energy is 20 to 30 per cent higher per head than in most West European countries.

Understandably, the energy crisis is at the heart of the Government's pre-occupations. Mr Lubomir Strougal, the Prime Minister, made it clear in an unusually candid speech at the central committee's plenary meeting that all economic sectors must prepare for substantial cuts in fuel imports, especially oil, since such imports account for 40 per cent of Czechoslovakia's energy needs.

Mr Lubomir Strougal (left), Prime Minister, and Mr Vasil Bilak, secretary of the party central committee: both oppose raising money in the West

Oil cuts ahead

Consumption of fuel oils and other oil products will have to be cut by as much as 12 per cent next year compared to 1980. Coal imports from Poland have dropped sharply and Mr Strougal revealed—for the first time—that imports of electricity from Romania, amounting to 3.5bn kwh, representing about 10 per cent of all energy imports, have been stopped.

Worse still, a Government spokesman recently hinted that foreign oil deliveries would be decreased "in the next years" by some 10 per cent. Czechoslovakia has recently been importing just over 19m tons of Soviet crude.

Power cuts and a reduction of street lighting in Prague to a bare minimum are tangible proofs of the deteriorating energy situation. Meanwhile, domestic coal output, amounting to 123m tons last year, consists primarily of brown coal and lignite (77 per cent) and the prospects for opening new pits without adequate *funds and technology* are gloomy.

The spectre of general economic stagnation is also haunting the central planners. In autumn last year, they announced an annual rate of industrial growth of 4 per cent for the 1981-85 period, but reduced this at the party congress in April to between 3.4 and 3.7 per cent.

For the current year, planners projected an increase in industrial growth of 2.7 per cent and in July reduced it to 2.4 per cent. However, official performance figures for the first nine months of this year admit that only a growth of 1.7 per cent has been raeched.

Mr Strougal revealed that productivity in the key construction sector was 1.7 per cent lower than last year and that 3 out of 4 building firms failed to fulfil planned targets.

All this is a far cry from the 6.7 per cent annual growth which the country achieved in *the early 1970s and even from* the 4 per cent growth reached during the last five-year plan.

Worse still, exports to non-Socialist countries practically stagnated at last year's level instead of rising by 4.5 per cent as planned. This is not surprising since, even according to official figures, only one-fifth of the engineering products made in Czechoslovakia reaches world standard.

The disappointing performance of agriculture is reflected by last year's poor grain crop, which fell 1.6m tons short of its planned target of 11.06m tonnes.

Although the Government has decided to import 500,000 tons of additional feed grain to ensure acceptable meat supplies, the public has already been told that there can be no question of further increasing imports because there is no hard currency available for this purpose.

Czechoslovakia's foreign debt —between \$4.5bn (£2.3bn) and \$4.8bn—is one of the lowest per head in the world. But both Mr Strougal and Mr Vasil Bilak, the central committee secretary, have spoken out against raising money from the West, for political as well as financial reasons. Mr Bilak, the chief spokesman of the party hard-liners, put it in his usual blunt way: "To accept credits from the capitalists would be like a Christian selling his soul to the devil."

Danger of debts

Publicly and privately, the Communist leadership regard the enormous indebtedness of Poland as one of the reasons for what they see as the "counter-revolutionary danger" it now faces.

Ironically, it was Mr. Bilak's recent warning of "unpopular measures" for the sake of increased defence spending which sparked off the massive hoarding of meat, sugar, rice, wine and even of detergents.

As a traditional workshop of the Eastern bloc arms industry, Czechoslovakia spends a much high proportion of Gross National Product on defence than Poland or Hungary.

Mr Bilak has counselled his comrades to tell the people frankly: "It is better to live in modesty than to die in affluence." But the citizens of Czechoslovakia would clearly prefer a third solution, namely to live in affluence.

As an engineer from Prague put it recently: "Of course our shops are better stocked than those in Warsaw or Moscow. But then we used to compare our standard of living with Austria and Germany rather than with the Ukraine or Bulgaria."

AMERICAN NEWS

Haig hopes to woo Mexico to U.S. Latin America policy

BY WILLIAM CHISLETT IN MEXICO CITY

THE U.S. Secretary of State, Mr Alexander Haig, arrived in Mexico City yesterday for a 24-hour visit in which he hopes to soften Mexico's criticism of Washington's policy towards Central America and Cuba.

Mexico is at odds with the Reagan Administration over its arming of the junta in El Salvador and its tough stance towards Cuba and the left-wing Sandinista Government in Nicaragua.

The U.S. has not ruled out military action in Central America. President Jose Lopez Portillo told NBC Television last week that this would be a "gigantic error."

Mexico recognises the rebels in El Salvador fighting to topple U.S.-backed junta as a "representative political force." Mexico is also a major aid-donor to Nicaragua, unlike Washington which has cut off an aid to Managalla. Mexico also enjoys good relations with Cuba.

Mr Haig's visit comes a week before the meeting of the Organisation of American States in St Lucia, at which he is expected to rally other Latin American countries towards the U.S. view of Communist threats to Central America.

Hugh O'Shaughnessy reports: Intense speculation about new candidates for the Argentine Presidency and the Economy Ministry is gripping Buenos Aires, following the assumption of interim powers by Gen Horacio Liendo from the ailing Gen Roberto Viola. Gen Liendo, however, commented at the weekend: "My tenure of office is totally transitory."

The position of Sr Lorenzo Sigaut, the Economy Minister, is also in question. Sr Sigaut has been blamed for the recent speculation against the peso and fears of exchange controls.

REAGAN BUDGET MOVE

Veto 'a political gesture'

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

PRESIDENT Ronald Reagan's dramatic Budget veto was widely seen in Washington yesterday as primarily a political gesture designed to highlight the "spendthrift habits" of Congress against the sober good sense of the Administration. The actual sums of money at stake in the dispute are relatively minor in the context of the overall Budget.

The broad outcome, however, is that Mr Reagan turned down a Congressional offer of roughly \$2bn (£1.1bn) in additional spending cuts in fiscal 1982, against the \$8.4bn he had originally asked for in September. Last week he offered to meet Congress "half way," suggesting he could have settled for cuts of about \$4bn-\$5bn.

So the dispute concerns about \$2bn, a tiny proportion of a Budget deficit that some estimates put at up to \$100bn this year. It only needs a minor upwards movement in unemployment to wipe out the effects of a cut that size.

As it was, the confusion was such that many House Democrats, in agreeing to a stop-gap resolution providing for \$428bn-worth of spending thought they had given the President what he wanted. Senate Republicans also thought Mr Reagan would accept the compromise he was offered on Sunday.

Their anger was thus all the greater when they learned that the fruit of their strenuous week-end negotiations was to be vetoed. Yesterday, Mr Tip O'Neill, the House Speaker, complained that even after the veto he did not know what the President wanted.

In his most bitter personal attack so far, Mr O'Neill said Mr Reagan "knows less about the Budget than any other President in my lifetime. He can't even carry on a conversation about the Budget."

It seems clear that one thing Mr Reagan objected to in the compromise was a plan to reduce spending on social programmes by 2 per cent, against the 4 per cent the Senate had earlier adopted and the White House had indicated it could live with.

Reginald Dale, U.S. Editor, portrays the divided cast of Washington's 'worst B movie'

White House actors lurch through political script

Left to right—Mr Ronald Reagan, President of the U.S.; Mr Alexander Haig, Secretary of State; Mr Caspar Weinberger, Defence Secretary; and Mr Richard Allen, National Security Adviser: "One big happy family"?

"THESE FLIP-FLOPS, these squabbles, the revelations of the last week — the script of the Reagan Administration is beginning to resemble the plot of a very, very bad B-class movie," said Mr Tip O'Neill, speaker of the House of Representatives, last week.

A cheap crack, of course, from one of President Ronald Reagan's most prominent Democratic opponents. But it's not just Mr O'Neill — it is the whole of political Washington —which has watched with daily increasing amazement, the lurching scenario which the Administration has found itself almost uncontrollably propelled through over the past 2½ weeks.

During that short time this intensely political and scandal-conscious city has witnessed the two most senior members of Mr Reagan's cabinet, Mr Alexander Haig, the Secretary of State, and Mr Caspar Weinberger, the Defence Secretary, publicly arguing over an issue of intense sensitivity to America's European allies — the possible firing of a nuclear warning shot to head off a successful invasion of Western Europe by the Warsaw Pact's conventional forces. It has heard Mr Haig denounce an un-named official in Mr Reagan's White House for conducting a "guerrilla campaign" to discredit him and get him sacked.

There was hardly a pause for breath before the near discredit, for disloyalty, of Mr David Stockman, the President's brilliant young Budget Director, and the revelation that Mr Richard Allen, the President's National Security Adviser, had taken possession of an envelope containing \$1,000 in cash from a Japanese magazine as a "thank you" fee for arranging an interview last January with Mrs Nancy Reagan — and left it lying, forgotten, in an office safe. He has now admitted that a couple of \$170 lady's watches changed hands as well.

"Received" (all right) and "accepted" (not all right) are quite different, the White House argued rather desperately last week. It has now taken to issuing Mr Allen's statements for him rather than actively defending him.

Mr Allen explained that he had not wanted to offend the Japanese journalists by refusing the envelope, which some accounts now say has the figure \$10,000 written on it, as such honoraria were a Japanese custom. It has since, of course, been pointed out to Mr Allen that he was at the time in the U.S., not Japan.

Mrs Reagan herself has remained above suspicion. Her gift from the same source—a black lacquered hand-painted stationery box, estimated to be worth \$75—was immediately sent to the National Archives.

Of all the big names in the Reagan Administration's first division, only Mr Donald Regan, the Treasury Secretary, and the White House "big three" top aides, Mr Edwin Meese, Mr James Baker and Mr Michael Deaver, who together take most of the important decisions behind the scenes, have emerged unscathed. And yet, so far at least, the affable Mr Reagan has refused to disown any one of his allegedly errant knights and has even courted public ridicule by referring to his team as "one big happy family."

However, the cast would do justice to something rather better than a B movie:

Mr Haigh: Often testy and sometimes neurotic-seeming, acutely sensitive to any threat to his position, real or imagined, he is the cause of frequent embarrassment to Mr Reagan. The notorious difficulty he has in expressing himself clearly often leaves his listeners perplexed as to what he really means is not a reassuring quality, many feel, in one of the world's most powerful men. U.S. teachers last week gave him a prize for being the least comprehensible man in Washington.

Mr Haig, it has been rumoured in Washington for months, will have to go. But Mr Reagan, only recently called him the best State Secretary in years.

Mr Haig, the former Nato Supreme Commander, is a dove, by the standards of the Reagan Administration and the only senior Cabinet member to put in the occasional word for the European allies. Many who know him well at the State Department complain that his talents and experience are unappreciated.

Mr Weinberger: A tough but charming hawk, who likes to compare today's Soviet Union to Hitler's Germany in the 1930s. He was technically right but almost certainly wrong in practice in the nuclear warning shot argument, in which he said there was no plan "currently under consideration" to fire one—passing over what must be bulky files at Nato headquarters.

> ❛ Mr Reagan's style is to stay above the fray, allowing his subordinates to take the flak. But he cannot in the end escape responsibility for the team he has chosen when thinks go wrong. ❜

One of the Administration's most powerful figures, Mr Weinberger has, so far, no blot on his copy book comparable to Mr Haig's. He is tipped as a Haig replacement if Mr Reagan takes the plunge and sacks his State Secretary.

Mr Allen: A Right-winger, who worked as a lobbyist for the pre-revolutionary Portuguese dictatorship has past connections with powerful Japanese companies. He is the White House resident wit, but not a weighty figure in counsels of state. He is suspected by many, almost certainly wrongly, as the "guerrilla campaign" leader against Mr Haig—if indeed such a person exists. The investigations into his conduct have been steppel up over the last four days and it may only be a matter oftime before he succumbs.

Mr Stockmann: An attractive grey-haired, 35-year-old wizard with figures, who now admits that his figures didn't really add up all along. He has let down the entire side by allowing himself to be quoted in a lengthy magazine article expressing doubts about the President's economic programme, doubts he apparently harboured right from the start. The implication that he has been less than candid with Congress—or rather that he has caught himself out at it—is obviously bad for the credibility both of the Administration and of Reaganomics.

Most devastating has been his admission that the real purpose of Reaganite supply-side economics is to give tax breaks to the rich, although hidden inside what he calls a "Trojan horse." He reappeared on Capitol Hill during the weekend's budget battle to fairly widespread acclaim, but tends to be more popular nowadays with Democrats than Republicans.

Mr Reagan: A superb set-piece performer, but inclined to blunder as soon as he speaks off the cuff without a set of written cards or a teleprompter. He could in a sense be considered to have inaugurated the latest series of fiascoes a month ago with an impromptu remark that appeared to sanction the fighting of a nuclear war limited to Europe.

Such remarks, and there are many of them, regularly have to be subsequently explained and re-interpreted by the White House press office and should not necessarily be taken at face value. If the actor strays from his script, the script still remains the official policy.

Self confidence is one of his hallmarks. He believes there is little which cannot be achieved with the pioneering spirit, good straightforward American moral values and a friendly slap on the back.

However, he finds it difficult, if not impossible, to understand fundamental ideological differences—a plight re-emphasised by the embarrassing, homespun contents of a personal letter he sent to President Leonid Brezhnev earlier this year, which Mr Reagan himself proudly read out to the television cameras last week. It seemed never to have occured to him that Mr Brezhnev might see the world in a slightly different light.

That, with his apparently genuine disappointment that Moscow "misunderstood" his latest nuclear disarmament proposal, would seem to suggest that he will never begin to understand the Soviets. It would be less serious if he was surrounded by people who did.

There is no shortage of expertise in foreign affairs in Washington, but much of the policy-forming material which actually reaches Mr Reagan is filtered through the protective portcullis of "the big three" and then further condensed inot Mr Reagan's "child's guide" briefing

Self-confidence and ...mination, of which Mr has plenty, are not in enough by themselves. last 2½ weeks, while h trusted advisers have be performing each other their political gaffes, Mr has twice had to y economic reality. H publicly abandoned hi paign promise to bala federal budget by 19 admitted at least partial for his plans for further ing cuts in 1982.

Last Wednesday's acclaimed speech on ar trol was intended to message across to Mosc even more to Western But his timing also helped to divert attentio the Administration's ec and personality problems

Why, the Washingto tures are asking, do Reagan not sack some o the troublemakers? Mr man, whose shortcomi political terms are the g would be out on his e now under most adm tions. Mr Allen could rid of and hardly missed

Mr Haig is a bigger fi President does not fire h important cabinet m lightly. Such an action reflect damagingly on h judgment in choosing M as Secretary of State first place.

But that is not al Reagan, in the most simp wants to be friends with one.

There are of course p calculations as well. The of the past two weeks, embarrassing, are uncon If Mr Reagan starts to r by sacking the culpri could be opening a Pa box. His administration the White House fears, unravel. Once it is esta that one member can next could follow quick

Mr Reagan's style is above the fray, allowi subordinate to take th But he cannot in th escape responsibility f team he has chosen things go wrong. Wi nation's attention now on the government s crisis, Mr Reagan m hoping that his other p will have receded by t this week's long Thank holiday is over. But, past 2½ weeks have sho script may now have g its own unstoppable—a predictable—momentum.

lonesia forecasts ıt payments icit for 6 years

ARD COWPER IN BANGKOK

A'S. Ministry of s forecasting the lrst overall balance its deficit for six the same time the next year's budget l to be limited to in real terms, one st increases in more ade.

Wardhana, the inister, told Parlia- e weekend the world ad finally caught up esia. Pointing to the f a 12-month freeze e of oil, Indonesia's n exchange earner, eting returns on the non-oil exports, Mr said there would be rovement in state ct year.

ed on Government limit their requests expenditure for next per cent above this cations.

unts for around 70 f Indonesian exports st 70 per cent of ıt revenue. At the of the year the Bank ia was forecasting a ıt nominal oil price for 1981-82, which e given the country a surplus on current account of around \$500m (£261m) and an overall balance of payments surplus approaching \$2.5bn.

In the event oil prices have been flat and the outlook for the balance of payments has been made substantially worse by a 34 per cent decline in returns on Indonesia's non-oil exports which normally account for around 25 per cent of Indonesia's total gross foreign exchange earnings.

At the end of last week Mr Soegito, director-general for foreign monetary affairs, told Parliament that Indonesia would probably record an overall balance of payments deficit in 1981/82 of around \$800m.

What he did not say was that on current account, the deficit would be approaching \$2bn. This is in contrast to a \$3bn surplus on current account last year and a \$2.7bn surplus on overall balance of payments.

Despite the reduced outlook, however, Indonesia's economy seems set to grow at a healthy 7 per cent this year, not as fast as the record 9.6 per cent achieved in 1980 but still above target for the country's third five-year development plan.

The B-52s head for Wadi Natroun

BY ANTHONY McDERMOTT IN CAIRO

TODAY, over Egypt's western desert near Wadi Natroun where the Coptic Pope Shenouda is in exile after his deposition last September by the late President Anwar Sadat, six huge U.S. B-5 bombers will attack a target area of 1 km by 30 m. The planes will have flown from Minot, North Dakota, having refuelled over the Atlantic and will immediately return to their base.

The bombing is expected to be the spectacular climax to operation Bright Star—joint exercises between U.S. forces and their counterparts in four Arab states. It was mainly designed to prove that the U.S. Rapid Deployment Force was as good as its name and could be used swiftly to offset the perceived threat in the Middle East by the Soviet Union or its surrogates.

However, it took the U.S. armed forces three days to get 17 M-60 tanks from the dockside in Alexandria, to the area where 4,000 U.S. troops, joined by a similar number of Egyptians, will be carrying out exercises near Cairo West air base 40 km from the capital. This airbase has been the Bright Star nerve centre.

Bright Star is a far more elaborate affair than its equivalent last year. The Arab countries involved are Egypt, Sudan, Somalia and—somewhat nervously — Oman. In Egypt, the joint exercises and displays will end on Thursday, Thanksgiving Day, and will have involved, among others, units of the 82nd Airborne Division.

The exercise in Sudan is to last until December 15 and involves 350 U.S. troops in training in desert warfare and survival. The operation in Somalia ends today after nearly a fortnight. There have been no joint operations there with the 250 U.S. troops involved. The

Press comment in Cairo, quoting Lt Gen Abdel-Halim Abu Ghazala, the Egyptian Defence Minister — one of whse favourite themes is the Soviet encroachment on the Arab world and its oil resources, has emphasised the benefits to the Egyptian armed forces of the joint exercise, which give them a chance to become familiar with U.S. equipment.

The U.S. has been deriving its own benefits from operating Egypt's Soviet-built equipment, which although out-dated still forms a key part of Egyptian defence.

But the question must now be how keen Egypt and other Arab countries are to be seen associating so closely with U.S. troops.

General Kingston of the U.S. Rapid Deployment Force (right) and Gen Abu-Ghazala, Egypt's Defence Minister, watch the exercises

EEC states to join Sinai force

BY OUR FOREIGN STAFF

FOUR European Community states yesterday committed themselves to participating in the U.S.-designed Sinai peacekeeping force once Israel withdraws next April.

In statements issued yesterday Britain, France, Italy and the Netherlands went out of their way to distance themselves from the Camp David agreement. They also repeated their belief that the Palestine Liberation Organisation "must be involved in the process leading to a comprehensive peace," as Mr Humphrey Atkins, the Lord Privy Seal, told Parliament yesterday.

The four Government set out the four understandings on which their participation in the Sinai force was based. These were that the force existed solely for the purpose of maintaining peace in Sinai following Israel's withdrawal; that the force would be reviewed if the United Nations could agree on an international force; that participation did not commit the Governments to other peacekeeping arrangements or exclude them from such arrangements; and that participation was without prejudice to their existing policies.

The four have won the backing of the 10 members of the EEC, overcoming Greek objections that not enough attention was paid to the Palestinians and French objections that too much attention was paid

Egypt welcomed the announcement but in Syria Mr Muhammad Haydar, member of the ruling Ba'ath Party leadership, said Western participation in the force was "a support for the Camp David process

Ministers differ on Saudi plan

BY RICHARD JOHNS IN FEZ

ARAB Foreign Ministers were yesterday far from reaching a broad consensus supporting Saudi Arabia's eight - point Middle East peace plan as they continued to prepare for the summit conference scheduled to start in Fez tomorrow.

Delegates said that the proposals would probably be deferred for consideration by the Heads of State.

At issue is acceptance of the seventh point, concerning "the right of the states in the region to live in peace," which has been interpreted by some observers as providing for implicit recognition of Israel.

Such is the ambivalence of the Palestine Liberation Organisation, Syria and Iraq that there is some doubt whether Arab leaders will be able to give the kind of clear-cut endorsement to the plan sought by Saudi Arabia.

As the Ministers adjourned yesterday, Prince Saud al-Faisal, Saudi Arabia's Foreign Minister, acknowledged that there were "differences" but expressed optimism about eventual agreement. Of critical importance in this respect is the current visit to Riyadh by Mr Yasser Arafat, chairman of the PLO. It is the second he has made within three weeks for talks with Crown Prince Fahd and other Saudi leaders.

So far, only the Libyan delegate in the Foreign Ministers' meeting, Mr Abdul Aati al-Obeidi, has attacked the Saudi plan.

Contrary to reports, the PLO, Syria and Iraq have neither accepted nor rejected the proposals, though they have expressed reservations.

na oil spect ım b/d

N—China could pro- barrels a day of oil current exploration opment programmes ccessful, according to ıan Franssen, chief of the International gency. China pro- m b/d in 1980.

ıssen told an Offshore conference in Canton that the increase ne at a time of stag- declining output else- d could have a major n the mid-term and outlook for the world t.

proved reserves were at 17bn to 18bn Experts generally put e onshore resources o 60bn barrels and ore at 15bn to 25bn. n said future reserve were expected to minantly from off- es.

ael Sandberg, chair the Hongkong and Banking Corporation, funding of China's ıil exploration and by 1985 would least \$10bn (£5.2bn) ther \$10bn required

Russia may woo former Afghan King

By Kevin Rafferty in New Delhi

MOSCOW may be making a new attempt to resolve the Afghanistan crisis by wooing the former King, Zahir Shah. The King ruled for 40 years until he was overthrown in 1973 by his cousin and brother-in-law, Mohammed Daoud, and fled to exile in Italy.

Indications of the Russian approaches have come with reports reaching the Indian capital that former Ministers close to the King have recently visited Kabul. The most prominent of these is Abdul Sattar Shalizi, who was Deputy Prime Minister and Minister of the Interior under the King.

Speculation was strengthened when Mr Shalizi, who has an Indian wife and lives in the U.S. was seen in the Kabul Hotel and to be usinv Afghan government cars. He apparently made no attempt to contact old friends and relatives, however.

Other ex-royalist Ministers seen in Kabul are Mr Abdul Hakim Tabibi, former Minister of Justice, and Mr Ghulam Ali Ajeen, who used to be Afghanistan's ambassador to India.

Nevertheless, the Babrak Karmal regime, suported by the Soviet Union, is not letting up on its tough line of trying to smash resistance from the guerrillas.

banks seek ıval of ıolding tax

ng Kong Correspondent

N Hong Kong have he Government with ase for lifting the t withholding tax on rrency deposits.

rey presented to the ecretary, Mr John the more than 100 of the Hong Kong of Banks solidly removal of the tax. ıkers said removal to the repatriation of foreign currency ow placed offshore. ıcial institutions in g would be able to n more foreign cur- ing, enhancing Hong tion as a syndication

Indian MPs in IMF row

By K. K. Sharma in New Delhi

THE Indian Government came under fierce attack from the opposition over its \$5.8bn (£3bn) loan arrangement with the International Monetary Fund when Parliament began its winter session yesterday.

After holding up business for more than 90 minutes, nearly all opposition MPs walked out noisily and threatened to move a censure motion.

Mr R. Venkataraman, the Finance Minister, defended the loan and claimed that the conditions were not derogatory to the national interest.

The IMF had been told that the measures to be adopted would be fully in line with policies accepted by the Indian Parliament.

stralian construction ıstry reports boom

ICIA NEWBY IN CANBERRA

TION industry esti- e stock of engineer- ction projects ready d in Australia have sted to A\$55.7bn from Government of A\$36bn in June. onal director of the of Construction Con- as criticised recent to talk down the esources boom and ion's annual report, at the weekend, said ıblicised project sus- ch as ICI's proposed hemicals plant in and BHP's blast Newcastle in New s have been replaced projects.

\$500m Winchester nine and the A\$500m South underground n Queensland now to go ahead.

ration's catalogue of nd drawing board des smelters, mines, ons, and oil and gas t excludes associated re including port and road and rail ıipelines.

onth's round-up of economic statistics from the Treasury showed that estimates of the value of work yet to be done in private construction rose 84 per cent in the 12 months to June and that the value of commencements of projects rose by around 60 per cent in the same period.

The value of construction work carried out in the year to June rose by 52 per cent on the previous year.

A 48-hour national strike by metalworkers which began at midnight on Sunday has paralysed large sections of Australia's manufacturing industry, our Canberra correspondent reports. More than 250,000 union members stopped work in protest at the employers' failure to make an offer on their claims after weeks of talks. The workers are seeking rises of about A\$35 (£21) a week with index-linking and a reduction in working hours from 40 to 35.

WORLD TRADE NEWS

Thatcher delivers warning to construction industry

BY PAUL CHEESERIGHT, WORLD TRADE EDITOR

MRS THATCHER, the British Prime Minister, yesterday spelt out the Government's support for UK construction companies bidding for project business abroad, but warned that official support is worth nothing unless the companies are supremely efficient.

"The Government can do nothing to help companies unless the companies are competitive on price, quality and deliveries," she told the Export Group for the Constructional Industries in London.

Growing intervention

Her remarks came against the background of growing official intervention in support of the industry's efforts abroad. Such intervention was evident, for example in the Davy Corporation's successful bid to win a £1.25bn steel mill contract in India.

Since the present Government came to power in May 1979, there has been a reorganisation in the Department of Trade precisely to make this intervention more unified and effective.

The diplomatic and political support aforded by the Government is one of three areas of activity noted by Mrs Thatcher which constitute the Government's role in helping the construction industry win business overseas.

Another sphere of support is the Export Credits Guarantee Department (ECGD). Forestalling the publication of ECGD's figures next month, Mrs Thatcher said that in the last financial year, ECGD provided cover for £17bn of exports and supported £3bn of finance at subsidised interest rates.

The third sphere cited by Mrs Thatcher is the provision of aid. Many countries would prefer to reduce multilateral aid and increase bilateral aid, she noted. "I certainly would." This would enable greater choice of projects to support.

Refusal to change

But she refused to change the structure of the Government's aid budget, arguing that developing countries take into account what industrialised countries provide in multilateral aid when granting bilateral contracts.

Bonn to sell more food to Moscow

By Leslie Colitt in Berlin

WEST GERMANY will export DM 1bn (£233m) worth of agricultural products this year to the Soviet Union, a 50 per cent increase over 1980. The West German Agricultural Marketing Board said the record sales resulted from greatly increased purchases by the Soviet Union of beef, sugar, flour and groats (crushed grain).

West German agricultural exports, which totalled DM 17bn last year, are the country's fourth largest after machinery. West Germany is also the world's fourth-ranking agricultural exporter after the U.S., France and the Netherlands, and is followed by the UK, Brazil and Australia.

West German sales of food to the Soviet Union are expected to increase in coming years. By contrast West Germany imported enormous quantities of food from the Soviet Union 50 years ago.

According to Herr Claus Boecking, head of the board's foreign department, the Soviet Union is now "buying food on the basis of political decisions wherever they can get it." West German butter exports to Moscow had collapsed this year, he said, and were replaced by sales from other European countries.

Kevin Done in Frankfurt reports on the terms of West Germany's gas deal with Moscow

Soviet Union takes unpalatable medicine

THE Soviet Union is being forced to take a dose of its own unpalatable medicine as it draws up the final contracts for its latest controversial natural gas supply deal with Western Europe.

In negotiating with Western plant contractors for pipes and equipment for the 5,500-km gas export pipeline from western Siberia, Moscow beat down prices to minimum levels by carefully shopping around world markets before playing off one equipment supplier against another. At the same time it took advantage of the cheapest available credit.

In its negotiations with the potential gas purchasers, however, the boot has been on the other foot.

The actual prices of most international gas contracts are guarded like the crown jewels, but it is evident from the agreement reached by Moscow with West Gearman gas companies that the Soviet Union has this time had to make important concessions, back-tracking considerably from its original price demands.

Dr Klaus Liesen, chief executive of Ruhrgas, made plain at the week-end that the West German gas companies had been successful in holding the line against any demands for "crude oil parity" pricing. The natural gas price agreed with Moscow and the index-linking for future price movements has been tied "overwhelmingly" to heating oil and fuel oil prices in the West German energy market.

The point might appear technical, but is of crucial importance to Western gas distributors, who want gas to remain a competitive fuel in their domestic energy markets in the face of demands for higher prices from leading gas producers.

The call for parity pricing with crude oil has been led by Algeria with backing from other members of the Organisation of Petroleum Exporting Countries. But it is being fought resolutely by most West European gas purchasers.

"The Russians had to realise that the prices they were demanding had to be kept in line with competing fuels, or else there would have been no agreement," said a Ruhrgas executive.

As late as last May the Soviet side was holding out for a higher price than that agreed last year by Ruhrgas and other continental gas companies with Statoil, the Norwegian state oil and gas company, for supplies from the North Sea Statfjord Field.

Those supplies—around 2bn cubic metres a year will come to West Germany—are understood to have been contracted at a price of $5.50 per million BTU (British Thermal Units), and to have escalated since to around $5.80 per million BTU. The gas will not start to flow until 1986, but Ruhrgas has made clear that such a high price was only paid for strategic reasons.

Continental gas buyers were determined to ensure that the gas pipeline to be built from the notherly Norwegian gas fields would come ashore on the continent and not on the coast of the UK, the competing bidder. For such relatively small quantities it was ready to pay a premium to ensure future strategic access to the estimated 1,200bn cubic metres of natural gas available for recovery in northerly Norwegian fields. "One cannot buy further quantities at such prices," said Dr Liesen.

For the Soviet Union it was vital that agreement be reached with West Germany for the gas export project to succeed at all. West Germany is taking 10.5bn cubic metres a year of the total 40bn cubic metres a year that will begin to flow in 1984.

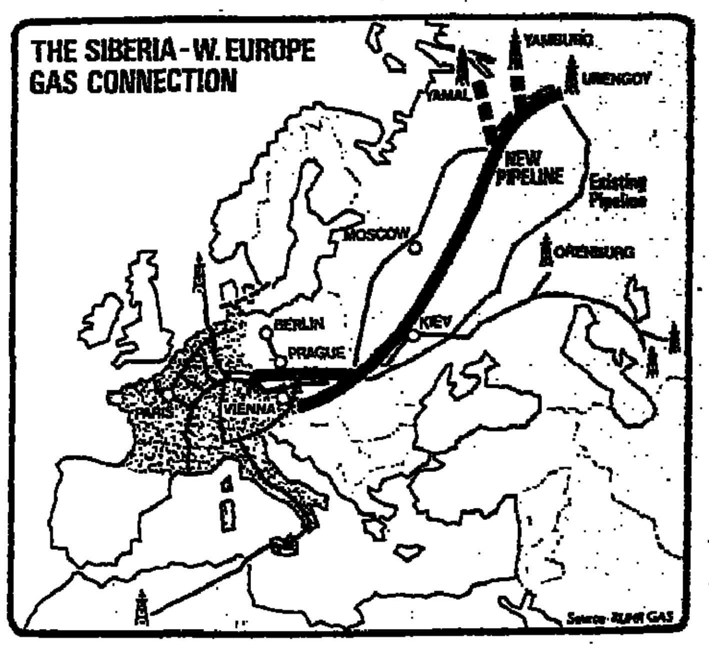
In return for concessions on price, however, the West German gas companies have agreed to fix a minimum price for the duration of the 25-year contract. Such a condition has rarely featured in earlier contracts, but was included in the abortive supply contracts with Iran which were put on ice in the aftermath of the Iranian revolution.

The clause is important to Moscow, which is facing an investment of an estimated $15bn in the new export pipeline system from western Siberia. The minimum price, which is not index-linked, guarantees Moscow a certain minimum rate of return on the project.

Reports from Paris suggest that the minimum price agreed by Gaz de France in its talks with Moscow is $5.70 per million BTU. Ruhrgas has fixed its prices in D-Marks — not in dollars — and will pay on a cif basis of gas delivered at the West German border with payments being made in D-Marks.

The trump card held by Rughrgas is that it has negotiated on behalf of all the West German gas companies, a five member consortium including Salzgitter Ferngas, Thyssengas, BEB (a joint venture of Shell and Esso) and Deutsche BP.

Moscow could not divide and rule as it did so successfully with the plant contractors, and agreement with the consortium was its only chance of gaining access to the West German gas market.



ICC congress hears attack on defence and business policies

BY FRANK GRAY IN MANILA

DEVELOPMENT countries were severely criticised yesterday for wasteful defence spending undertaken at the expense of economic development projects.

Both industrialised and developing nations were also called on to roll back the frontiers of the state in order to give private enterprise room to generate economic recovery.

The remarks were delivered by Mr Mohamed Aly Rangoonwala, president of the International Chamber of Commerce, at the opening session of the chamber's world congress attended by 1,500 delegates.

His criticisms about the low status given to private enterprise in some economies were seen as a direct affront to President Ferdinand Marcos, who attended the opening session. Some said it was the strongest ever given by a foreign dignatory before the President.

$20bn arms bill

Mr Rangoonwala, a Pakistan businessman, said developing countries spent an estimated $20bn (£10.5bn) on arms imports last year, equivalent to about 70 per cent of their estimated official aid receipts in the same period.

"It is difficult to ascertain what percentage of this total resulted from genuine defence needs, and how much was spent for the defence of rulers and politicians," he said. "With the explosive growth of state intervention in every sphere, governments have found it increasingly difficult to finance their extravagant expenditures and service their accumulated mountains of debts.

"In short the taxpayer is no longer able to support the deadweight burden of the public sector in the style to which the latter has become accustomed, and so government have resorted to the unbridled use of printing presses to pay their way," Mr Rangoonwala said.

The ICC chief levelled equally pointed barbs at elements within the private sector whose greed often brought sound business principles into disrepute.

Mr Marcos, in his speech, praised the recent North-South summit talks in Cancum, Mexico, for reinforcing the dialogue between rich and poor countries. He also reviewed the Philippines' own economic development programme.

But with obvious relish and with measured words he departed from his text to deal with Mr Rangoonwala's remarks.

"Are Mr Rangoonwala's comments intended to be general?" Mr Marcos asked. "Or is he directing his remarks at a particular country such as Pakistan." His riposte brought a roar of laughter from the audience.

Still smiling, the President reassured the congress that the Government supported private enterprise and was not in favour of state capitalism. "I suppose that is one of the reasons I am in power," he added.

Marcos: quick reply

MAN of West Germany is re-thinking its two-year-old, $50m (£26.3m) diesel engine plant project in the Philippines, the country's first disel engine plant, Emilio Tagaza reports from Manila. If the company is unable to collect $20m due from its local partner, it will drop out of the project.

The Philippines Government has re-opened bidding for the project through its board of investment, and MAN has agreed formally to withdraw once the Government finds a satisfactory bid. Cummins of the U.S., Isuzu of Japan, and Perkins of the UK have shown interest

S. Africa lines lose $10m

BY BERNARD SIMON IN JOHANNESBURG

LABOUR problems at Southampton docks in Britain have cost member lines of the South African-Europe container service around $10m (£5.25m) this year, according to Mr Anthony Butterwick, a director of OCL, the British shipping line.

No containerised cargo shipped from Southern Africa to Britain in the past three months has been sent directly to Southampton. Instead, it has been trans-shipped at European ports, mainly Rotterdam and Le Havre.

The Europe-South Africa shipping conference ha recently experimented wit calls at Bristol.

According to Mr Butterwic who is deputy chairman of th conference, the 26 member line of the conference expect trac ing conditions in 1982 to b even more difficult than th year. They are currently carr ing a return of only about 2. per cent on their investments.

The lines have been plague by a large imbalance betwee north- and south-bound cargoe for the past 18 months.

Car trade patterns 'to persist'

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE restrictions agreed between Japan and the major car producing countries will not have any dramatic long-term impact on patterns of world trade, according to DRI Europe, the former Economic Models forecasting group.

In its latest report, DRI forecasts that Japanese car exports will rise from last year's 3.9m to a little over 4m this year and maintain steady progress to a peak of around 5.3m in both 1985 and 1986.

The percentage distribution of Japanese car exports will not change much because the markets outside North America and Western Europe are simply too small to allow for much redirection.

DRI offers five reasons why there will be no long term effects

- The import restrictions are generally short term.
- Pressure to maintain the agreements will weaken as the car markets of North America and Europe recover in 1983 and 1984.
- The established industries in those areas will have made substantial improvements to both their model ranges and their production techniques by 1984.
- There is no scope for Japan to redirect built-up car exports away from the major markets.
- There is within the major markets a substantial lobby in favour of ending the restrictions.

DRI also says there will be a declining trade in built-up cars between continental regions in favour of trade in components.

Trade in completed cars within the regions will also grow in importance, it says. Over the past five years in Europe, the UK and Italy have largely lost their shares, but from 1983 onwards the new products ranges of BL and Fiat should add significantly to European car trade flows.

THE AUSTRALIAN Government is considering whether to follow the U.S., Britain and some other EEC countries and ask Japan voluntarily to limit motor vehicle exports to Australia, Patricia Newby reports from Canberra.

Voluntary restraint by Japan, which has captured about 80 per cent of Australia's 100,000-unit imported vehicle market, would give the Government of Mr Malcolm Fraser more flexibility in reducing non-tariff barriers to vehicle imports.

[هكذا من الأصل]

P starts talks on sale of le of Grain refinery

' DAFTER, ENERGY EDITOR

PETROLEUM has discuss the sale of its il refinery on the Isle Kent, with a number ıies.

r it seems unlikely ver will want to keep ery as a going con- more likely that part 00-acre site would be other industrial or m purposes, possibly with deep water

the UK refining and subsidiary of Bri- leum, said last night: pursuing a number ies received and we g at ways in which ıight be used. But as we would stress this concrete has

mpany said that use site as an export for coal or grain was ıe possibilities being ed.

1.5m tonnes a year s due to close at the xt year when most of workers will lose their

icated, however, that to use at least part te as an oil product terminal and will continue to blend and package lubricating oil.

The proposed closure of the Isle of Grain plant is part of a broader rationalisation of refining capacity in Europe.

Industry analysts believe Western European refiners will have to shut at least 30 per cent of their capacity—the equivalent of more than 300m tonnes a year. Burmah Oil has already announced that it will close its Ellesmere Port refinery in Cheshire next year with the loss of 1,100 jobs.

As the result of an initiative by Mr Hamish Gray, Minister of State for Energy, senior officials of the oil industry and trade unions met yesterday to discuss the state of the refinery sector.

The meeting was attended by representatives of the UK *Petroleum Industry Association*, the trade association of refining and marketing companies, and executives of the Amalgamated Union of Engineering Workers, led by Mr Gavin Laird, the Association of Scientific, Technical and Managerial Staffs (Mr Roger Lyons), and the Transport and General Workers' Union (Mr John Miller).

The association, which asked Mr Gray to set up the talks, has already prepared its own report criticising the oil industry's plans. The report says it is the "height of absurdity" for North Sea oil to be exported to the U.S. or to be refined on the Continent and then, in some cases, imported back to the UK.

The unions have asked the Petroleum Industry Association for further talks.

● Occidental Petroleum is to instal a pump in one of the production wells in its North Sea Piper Field to assist oil recovery. The company said that if the "down hole" pump was effective, similar machines would be installed in other producing wells.

The action is part of Occidental's plans for maintaining production rates, which average 200,000 barrels a day. *The company has been injecting* water into the field to keep up the reservoir pressure and an increasing amount of this water is being recovered with the oil.

As the oil and water mixture becomes heavier Occidental has to use pumping equipment to help lift the liquid to the producing facilities on the platform.

Laker debt rescheduling may face resistance

By Alan Friedman

SIR FREDDIE LAKER'S attempt to win the rescheduling of his airline's $131m airbus-related debt appears to be running into serious resistance from two banks in West Germany.

The banks — Dresdner Bank and Bayerische Vereinsbank — are members of the loan syndicate led by Midland Bank International. Until last week, the Midland syndicate was expected to follow the North American syndicate led by Eximbank, which has agreed to provide Laker Airways with a 12-month deferment on repayment of principal.

Ten of the 13 members of the Midland Bank syndicate have given their approval to the rescheduling proposals *and formal agreement on the* package was expected by now.

In West Germany, however, key bankers appear to be concerned about the future profitability of Laker Airways. One banker involved in the rescheduling negotiation said: "We have some doubts about whether the Laker business can be kept in profit."

This bank's reluctance to agree to the rescheduling package without further study was based on a desire for more information about Laker's viability.

"You can reschedule for months and years, but the interest burden grows," the German banker went on. Of particular concern was the failure of Laker Airways to "match" its revenues with dollar debt.

"They have not been able to control their foreign exchange in the past and we are afraid this problem will continue," the banker said.

House prices drop 10% in certain areas

BY ANDREW TAYLOR

HOUSE PRICES have come under increasing pressure in the run-up to higher building society mortgage base rates. Most societies raised their rates to 15 per cent at the beginning of this month.

A national survey of more than 200 estate agents reveals that prices for certain homes have fallen by up to 10 per cent in some areas compared to a year ago.

The survey, by the Royal Institution of Chartered Surveyors, showed that more than 35 per cent of agents reported that house prices were falling in the three months to the end of October. Only 5 per cent said they were rising, while 60 per cent said prices had remained static.

A similar survey conducted in August showed only 8.5 per cent of agents reporting falls in prices during the quarter to the end of August.

The latest survey indicates that there has been a distinct softening of prices since midsummer, particularly for estate houses built since the Second World War.

Almost half of the agents said prices for post-war detached houses fell in the three months to the end of October. Almost 43 per cent reported cheaper post-war semi-detached houses.

A special survey in Wales reflects the national trend, with "a marked downturn in the price of post-war detached homes," the institution says.

Prices for a wide range of properties appear to have come under increased pressure this autumn, although most agents still say that prices have remained mainly static although falling in real terms.

Nevertheless, just over a fifth of the agents questioned about movements in prices for pre-1919 terrace houses—previously a more buoyant sector of the market, reflecting solid demand from first-time buyers—said prices for these properties were falling.

Comments from individual estate agents show strong regional variations in price performance of different categories.

Buckell & Ballard in Reading said some purchases had fallen through in September and October ahead of the projected rise in mortgage rates. Some deals showed prices 10 per cent lower than those of a year ago.

Mr John Thomas, the institution's spokesman on house prices, said: "For the first time for many years there is a continuing trend in lower prices. As with most forms of investment a market correction is not unexpected, but there is at the moment no reliable forecast of an upward trend in prices before next year."

Travel agents hope for pact on cheap air fares

BY ARTHUR SANDLES, IN PHOENIX, ARIZONA

British Airways and the travel industry may be close to an agreement to allow conventional travel agents to compete with "bucket shop" air fares.

Talks are going on in Phoenix, where the Association of British Travel Agents is holding its annual conference, between ABTA officials and senior executives of the state airline. There are hopes that they will reach agreement before the end of the week and that thousands of low-priced airline tickets will then be available from high street retailers.

For two years travel agents lines have been supplying cut price tickets to "bucket shops" against all the rules. Official agents are forbidden to sell discount tickets.

"Two years ago the UK was recognised as the most orderly of airline tickets markets," Mr Gerry Fernback, chairman of the ABTA retail committee, said. "Today it is the centre of the discount market."

Mr Ivor Elms, ABTA president, said he was cautiously optimistic about an agreement.

Meanwhile, leading members of the association are showing increasing concern about the rush of people to become travel agents and of the way in which major groups are eager to diversify into the business.

The expansion is because foreign travel is one of the few sectors of the economy which is booming and one which provides useful cash flow with relatively-low capital investment. It now seems that the association intends to tighten its rules to slow the rate of growth.

TWA has joined forces with Travellers International, a travel tour operator, to compete with the highly-successful British Airways link with Jetsave.

TWA admits that the Jetsave operation, which claims 23 per cent of the traffic in UK package tourists to North America, has hurt its own business.

Race relations survey paints gloomy picture

BY LISA WOOD

BRITAIN'S WHITE population would not resent government policies aimed at helping ethnic minorities, according to a survey released today.

But the survey on race relations, published on the eve of Lord Scarman's report on last summer's riots, paints a gloomy picture for the future.

About 53 per cent of blacks who took part in the survey believe race relations will worsen in the next five years. And both ethnic minorities and the white population believe unemployment is the most serious issue today.

Mr David Lane, chairman of the Commission for Racial Equality (CRE) which published the survey, said the results had to be seen in the context of the recent report on racial violence and Lord Scarman's report, to be published tomorrow.

He said many reports on race-related matters had been pigeon-holed by Governments. "But I believe this one by Lord Scarman will be so important that it would be disastrous if it was not acted upon.

Lord Scarman is expected to concentrate on radical changes in the police complaints system, police liason with the community and advocate longer and more sophisticated police training.

TheCRE's survey involving 2,0400 blacks and whites was conducted before the recent riots. Mr Lane said: "The attitudes are some months old but the message is as sombre. The events of the summer can only make it more urgent for positive action."

In the 1975 survey, 44 per cent of ethnic minority respondents felt race relations were improving. The latest survey showed only 18 per cent held this view and 53 per cent felt race relations would get worse over the next five years. About 43 per cent of whites agreed.

ıngeness A plant to reopen

RTIN DICKSON, ENERGY CORRESPONDENT

ESS A power station, three nuclear plants wing the discovery of t flaws, is expected to ommercial operations ıth, after almost two

Central Electricity g Board said yester- t had received permis- ; the Nuclear Installa- spectorate to begin ɔning tests at the number two reactor ays is now safe. If the t according to plan it generate power com- in early December— of the three stations by the flaws to resume s.

eactor was shut in last year. The station's one reactor was closed 1979, and is still out ion.

flaws which closed s, as well as Bradwell Essex and Berkeley in Gloucestershire, concern the steel bellows in the high-pressure gas coolant circuit of these elderly Magnox reactors. The bellows take up the expansion as the gas coolant circuit, carrying hot gases from reactor to boiler, heats up.

The flaws come to light through ultrasonic inspection techniques not available when the reactors were built. The CEGB believes the flaws have probably been there since the station opened.

It has now convinced the nuclear inspectorate that the main bellows on the number two reactor are safe. It is now replacing several bellows on the number one reactor, which it hopes to bring back into operation in the first half of next year.

The board has spent £12m at Dungeness on inspection, repairs and replacement. The closure of the three stations is estimated to add more than £1m a week to the board's fuel bills as old and relatively-inefficient coal-fired capacity is brought into service.

The board hopes to bring the number one reactor at Berkeley power station back into service shortly — probably early next year—but it will have a reduced output.

The reactor has eight gas coolant circuits, two of which have been affected by the flaws. These two are expected to be sealed off and the reactor run six circuits, cutting its generating capacity by more than 25 per cent.

The number two reactor at Berkeley, which shut for its normal inspection in March this year, is still undergoing tests. It appears its problems are similar to those at the number one reactor.

rgy research funding 'inadequate'

TIN DICKSON, ENERGY CORRESPONDENT

about the long-term of the Government's energy research and nt projects have been the International gency.

ncy, in a report on development and tion projects, says y confronts the UK vely minor problems t but research and nt is important for y's long-term needs.

s that research into energy and advanced ersion technologies long-term ramifica- he UK. It says that overnment funding levels may be appropriate for short-term activities "it must be doubted whether this will be sufficient in the years to come, in particular when these new technologies will be ripe for demonstration."

The report notes that the Government's energy RD and D budget last year was about £190m—16 per cent below the 1979 level in real terms.

The budgets of International Energy Agency member countires as a whole increased 9 per cent in real terms compared to 1979, totalling nearly $8.4bn (£4.4bn). Countries with the largest increases were Greece, Japan, Spain, Italy, New Zealand and Ireland.

However, over the three year period from 1978 to 1980 the overall growth rate declined. It was 14 per cent in 1978 and 11 per cent in 1979.

Dr Eric Willis, director of the IEA's energy research office, points out that while some governments have reduced funding for research and development, industry is playing an increasingly important role.

* *Energy Research Development and Demonstration in the IEA Countries. 1980 Review. IEA 2, Rue Andre Pascal, 75775 Paris Cedex 16.*

UK NEWS

Lorne Barling looks at Aston's U.S.-style experiment

Science and industry find a matchmaker

AT ATTEMPT to establish a science-related industrial area, similar to those in the U.S., next to Birmingham's Aston University, has been initiated by Professor Frederick Crawford, the university's Vice Chancellor.

Prof Crawford recently took up the Aston appointment after more than 20 years at Stanford University, California, where a 600-acre "science park" has been developed, using academic knowledge to develop new products.

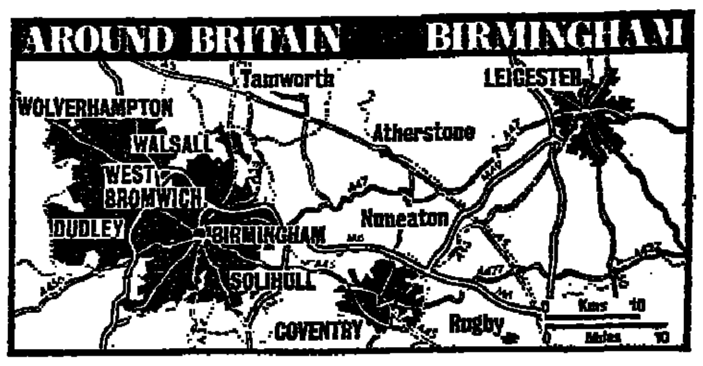
Birmingham City Council has committed £2.5m to the project and promised up to £40m, responding to the serious decline in traditional industry in the West Midlands and the need to encourage the growth of high-technology companies.

Funding

Prof Crawford believes, however, that venture capital of the kind available in the U.S. will be the key to success in the Aston experiment. "In the U.S. people are prepared to provide money with no return for up to five years, and make their profit after that through the company going public or being sold," he said.

Although funding of this kind is not widely available in Britain Prof Crawford says banks and institutions are thinking more seriously about how to meet this need. Conditions are right for a U.S.-style science park, he says. No such park exists in Britain because the right mix has never been achieved.

Britain already has its own science parks. The Birchwood park at Warrington has been so successful that a second phase has been launched, and one at Cambridge has been going some time.



Earlier this month plans to develop two were announced on the same day, in Glasgow and the Wirral, and other universities have plans to develop such areas.

Prof Crawford believes the U.S. parks' success has derived from four ingredients: basic ideas; entrepreneurs; venture capitalists: and the proximity of fledgling companies to the university. The last was vital in allowing constant association and cross-fertilisation of ideas.

As in the U.S., tenants on the Aston site are likely to be groups of people with innovative ideas from small- or medium-sized companies whose ambitions may have been blocked.

The essential requirements of the project is that it should reduce the development time of new products. Studies in the U.S. have shown that under normal commercial conditions it often takes 10 years for a new product, derived from research, to reach full-scale porduction.

Moreover, at each step in such product development, from scientific paper to prototype, through limited production and finally to full-scale manufacture, the capital requirement increases on average by a multiple of 10.

Prof. Crawford said: "This can be reduced substantially if the people who make the product are near those who have the ideas, and the right kind of venture capital is available."

He is also concerned that new companies should have the ability to expand and move off the Aston site into park-like industrial areas, which the council promises will be available, thus allowing others to take their place.

Rapid growth is often a reason for the failure of small concerns, however, since they are usually undercapitalised and have weaknesses such as poor marketing. Efforts will be made at Aston to ensure that syndicates backing new ventures will be prepared to provide five-year financial backing and some management support.

Prof Crawford believes another potential problem is the unwillingness of many small companies in the UK to increase their capitalisation by allowing investors to take a majority share. In the U.S. it is typical for investors to take more than a 50 per cent share.

Government encouragement to increase the provision of venture capital would help the project.

The university will be able to offer its extensive technical resources to tenant companies and Aston staff and postgraduates will be encouraged to become involved in their work even, through personal investment.

Prof Crawford said: "All Universities with science and technology interests ought to be surrounded by science parks."

Councillor Clive Wilkinson, leader of Birmingham City Council, is fully committed to the scheme, which was mooted some years ago. A representative of the council will sit on the scheme's board, which will soon be appointed. A managing director will run the day-to-day affairs.

Provided

The initial grant from the council will be used to renovate existing buildings and provide new ones on the 3.5 acre site, which will later be expanded to about 10 acres. Premises will be up to 5,000 sq ft and designed for research and development rather than large-scale manufacturing.

Mr Wilkinson said: "We provided about £40m to get the National Exhibition Centre off the ground and are prepared to do the same on this project. We are committed to seeing it become viable and the council is determined it will be a success."

It is hoped the scheme will create up to 15,000 jobs in the West Midlands, but this depends largely on how this U.S. concept is received in the heart of British industry, and what level of support it receives from more adventurous investors.

Recession hits North harder, says review

By Anthony Moreton, Regional Affairs Editor

THE GAP between living standards in the North of England and the more prosperous parts of Britain "remains as wide as ever," according to a new economic review published yesterday.

Mr Fred Robinson, editor of the Northern Economic Review claims in a review of the state of the region: "In virtually every respect the North is disadvantaged, suffering disproportionately from the effects of recession combined with Government policies."

The Government, he claims has clearly lost interest in regional policy.

Last year the 46,000 jobs lost were almost equal in number to the 50,000 created between 1963 and 1973. The region's share of national production is continuing to fall and it appears that its share of industrial investment is also declining.

"Road programmes have been cut, revenue support for public transport reduced, sewerage systems are in need of replacement and the North still has a larger area of derelict land than any other English region," says the report.

It urges the Government to build a regional dimension into all of its policies. Investment and spending decisions, for instance, should allow for the additional needs of the North as well as for those of other needy regions.

Northern Economic Review £1.50. From Centre for Urban and Regional Development Studies, Newcastle University Newcastle.

Councils optimistic over EEC textile quota talks

BY NICK GARNETT, NORTHERN CORRESPONDENT

LOCAL AUTHORITIES are optimistic about the outcome of discussions to fix a European mandate for negotiations on a new Multi-Fibre Arrangement following a meeting with Mr Peter Rees, Minister for Trade.

Members of the Local Authorities Textile Action Committee last week pressed Mr Rees for assurances that the Government would continue to take a firm stand in negotiations in Brussels to formulate the European position.

This position will be represented by an EEC delegate in talks under way in Geneva on a new arrangement.

The UK, France and Italy, have been taking a hard line on imports to the EEC, compared with the approach of West Germany, Denmark and Holland.

Mr Rees, who has proposed a surge mechanism to control the ultilisation of unused annual export quotas in the following year, gave local authority representatives the impression that the UK's position will be reflected in the overall European mandate.

Negotiations on the European position are continuing this week and it is hoped the mandate will be finalised on December 8. Representatives of the committee, which involves local authorities almost exclusively in the North-West, emphasised to Mr Rees the burden on the community of derelict land and buildings caused by the textiles recession.

In Greater Manchester and Lancashire, 6.5m sq ft of old multi-storey mill space is for sale, compared with 4m sq ft last year. Since July, six textile plants have closed in the North-West, taking the total to 41 this year. The number of man-days lost through short-time working in the industry in August alone was 26,000.

Columbia acquire world rights to Gandhi film

BY RAYMOND SNODDY

COLUMBIA Pictures yesterday announced that it has acquired the world-wide distribution rights of Gandhi, Sir Richard Attenborough's latest film. It is the first time Columbia has distributed a film world-wide.

The film will open next October or November on the same day in such cities as New Delhi, Moscow, London, Washington and New York. Columbia says it is preparing to spend a record sum for the studio on its promotion.

Mr Frank Price, chairman and president of Columbia, said yesterday that after seeing the "roughs" he believed the film was so exceptional that it justified a world-wide effort.

"We are usually in the business of distributing Columbia-produced films but we think this is the most extraordinary film we have seen," he said.

Goldcrest Films, whose revious films have included Chariots of Fire, arranged the finance for Gandhi and carried out the negotiations with the Indian Government. The largest shareholder in Goldcrest Films International is Goldcrest Films and Television, a holding company for the film and television interests of Pearson Longman, publishers of the Financial Times.

The $22m (£11.58m) film, which was completed within its budget, was 60 per cent financed by Goldcrest Films, Pearson Longman and Goldcrest subsidiaries, 30 per cent by the National Film Development Corporation of India and 10 per cent by International Film Investors of the U.S.

Mr John Eberts, chief executive of Goldcrest, said he believed the film would have an almost indefinite life. It has just about everything—passion, peace, achievement and a very dramatic ending.

Mr Price said the film would be shown in 6,000-8,000 U.S. cinemas and he was sure that despite its background of British colonial history and Indian nationalism it would be "a tremendous hit" in the U.S.

"We distributed Tess in the United States and all the other distributors felt it was not a product for the U.S. market. But it was a hit in the U.S." he said.

Goldcrest believe it is very likely Sir Richard Attenborough will make more pictures for it.

Guernsey proposes tax allowance improvements

FINANCIAL TIMES REPORTER

IMPROVED personal income tax allowances for 1982, costing £2m, were proposed by Guernsey's finance committee in its budget report published yesterday.

The basic allowance for a married person will go up from £1,300 to £1,800, with an additional allowance of £500 (against £300) if total income does not exceed £8,500 (£8,000). A single person will get 50 per cent of these allowances.

No increase is proposed in the Island's rate of income tax which has been 20p in the pound since 1960.

The only change planned in indirect taxation is that duties in Alderney, which went up by only half Guernsey's last increase a year ago, should now be brought into line with those of the larger islands.

Guernsey's ordinary revenue for 1981 is estimated to be £5.4m more than the original forecast of £52.8m, mainly due to higher income tax receipts than expected.

·xford bulletin ·edicts signs of ·turn by 1983

WILKINSON, ECONOMICS CORRESPONDENT

economy may be *improvement* by the n, according to the etin from Oxford 'orecasting.

ɹp, based on the tre for Management lieves that by 1983 d be increasing at 'ate of 2.5 per cent; l be just more than ıt a year and cor- ·ofits may have ·o 11 per cent of tput, compared with nt this year. The interbank interest be down to 11.8 per

ther hand, the fore- ɔect unemployment ɔver 3m, or 12.5 per e workforce. The ount of the balance ·s will have moved ·it of £500m.

ıe moderate improve- ·put, the group says: main problems of tivity growth, struc- ɔess and poor com- are likely to

·4, it believes, "out- still be lower than ɹroductivity growth, ewhat improved as a he severity of the : industry, would be rom the effects of ment and generally- titiveness."

oup's forecast is line with that of the siness School in see- growth of activity in hree years, but de- in the mid-1980s.

the Oxford fore- : significantly more about the rate of ıich the LBS believes ı in double figures until 1984. The LBS also believes that the balance of payments current account will weaken as activity improves, but it thinks a surplus will be achieved in all the years to 1985.

These differing predictions may reflect in part the assumptions about what will happen to sterling during the period. The LBS expects a gradual fall in the exchange rate, while the Oxford group expects sterling to remain comparatively steady against the dollar, at about $1.85 in 1983 to 1984.

The Oxford forecasters say that if the effective exchange rate in 1986 were to fall 12 per cent compared with the figure of 78 assumed in its calculation (1975=100), average annual inflation in the five years by 1986 would be 11.3 per cent. This compares with an average of 8.8 per cent in its main forecast.

So far, the group says: "The Government has had a disastrous first 2½ years. The keystones of its economic policy, the monetary targets and the borrowing requirements, have been consistently exceeded. Industrial production has fallen by 14 per cent over the last two years and unemployment (on the wide definition) will soon rise above 3m.

"Even inflation remains higher than when the Government came into office and is unlikely to fall below 10 per cent before the end of 1982."

But the group adds: "The forecast . . . shows that Mrs Thatcher could go into the next election in 1984 with a chance of winning."

* *Medium Term Forecast 1981—Oxford Economic Forecasting, Kennington, Oxford.*

·rks agrees to reduce ɜ plant redundancies

HONY MORETON

ƎTWEEN unions and West Country manu- subsidiary of the biggest shoe concern Clark, have led to jobs being saved in a ɔgramme.

old the unions two that to fight cheap, mpetition and the 't needed to shed and close two

compromise plan ill now make about 850 people plant in Minehead, account for almost ·f the redundancies.) leading unions the closure talks National Union of Leather and Allied the Association of 'echnical and Mana-

redundancies will throughout the ·ı, which has its s in Street, Somer- ·re will be opportu- early retirement ındancies are con-

any stressed yester- not facing a finan- though the cost of ıl investment had avily. The aim was ɔwn the price of a es to compete with

ɘ closure at Mine- ʒ will have 12 shoe- ɔlants in the West Country and one employing 650 people in Ireland. The plant most seriously affected will be at Radstock where 130 jobs out of 670 will go. Elsewhere the cuts will average about 10 per cent of the payroll.

Clarks now employs a total of about 7,500 and after the redundancies should be down to about 6,650.

LEANSTOCK, part of the Ross foods group, will close its meat processing factory at Shrewsbury in the New Year, with the loss of nearly 200 jobs. More than 90 people were made redundant from the Shrewsbury plant in August in an attempt to improve its trading position but Leanstock yesterday said this had not succeeded.

ERF HOLDINGS will close Cheshire Engineering, one of its subsidiary companies at Winsford, Cheshire, early next year with the loss of 145 jobs. The company said yesterday several options had been explored but none had proved practical.

ATLAS HYDRAULIC LOADERS of Lanarkshire yesterday announced 83 redundancies—more than half of its staff—because of a slump in demand for hydraulic cranes. The company, whose factory is at Blackwood, said the effects of the recession had been worse than expected.

WILLIAMS AND COX, of the Strand, Torquay, is to close at Christmas after 144 years, with the loss of 43 jobs.

·n ·rantees ·h £41m

'imes Reporter

·VERNMENT has loans worth he first five months antee scheme.

er 1,206 applica- received between ing of June and the last month, and have been issued ɔans.

published by the ıt of Industry show ggest number (452) companies in the st (including East The North Western 32) accounted for biggest share, with Midlands (114), (104), the South), Yorkshire and le (96), East Mid- , Wales (54), North 32), and Northern) next.

artment of Industry was a broad corre- reen the number of issued in various ıd the relative size lons.

Loan Guarantee vas introduced in an experiment for s, with the Govern- ing aside £50m for ear. This has since led to £100m due to nitial take up.

rs, loans of up to r between two and rs.

the scheme the nt accepts 80 per risk and the banks ıing 20 per cent.

Protests go to Minister over lorry weights limit

By Andrew Fisher

TWO ENVIRONMENTAL bodies have protested at expected Government action *to raise the legal limit on* lorry weights, possibly up to 40 tonnes.

The Council for the Protection of Rural England (CPRE) and Transport 2000 have written to Mr David Howell, the Transport Secretary, expressing objections to any increase.

The present limit is 32.5 tonnes gross laden weight and a White Paper incorporating *plans to raise this to* 38 or 40 tonnes is expected shortly.

The environmental groups challenged arguments in the Armitage Report, Lorries, People, and the Environment, which said that heavier lorry weights would benefit the environment.

Mr Howell is expected to *allow the higher weights only* in return for tough measures to ease the effect of the lorry *on the environment.*

The Council and Transport 2000, which met Mr Howell last week with other organisations, said the report's arguments were defective on key points. "We do not want Continental monsters in this country," they said yesterday.

Sales abroad cut home shipping fleet by 11m tons

BY ANDREW FISHER, SHIPPING CORRESPONDENT

CONCERN OVER the UK's declining shipping fleet has been raised by Government figures showing that nearly 11m tons of ships have been sold abroad since the start of 1978.

In the first nine months of 1981, total sales to owners under foreign flags—many to flags of convenience—were more than in the whole of last *year. But sales are unlikely to* equal the 1979 level.

Of the 2.2m gross registered tons of UK shipping sold abroad between January and September, almost half were transferred to open-registry countries such as Liberia and Panama.

Liberia accounted for 556,000 grt and Panama for 274,000 grt, with smaller open-registry nations like Singapore, Cyprus and the Cayman Islands making up the balance.

Greek shipowners bought 23 ships totalling 199,000 grt in the first nine months, while operators in the world's other major shipping area, Hong Kong, acquired eight ships totalling 119,000 grt. Sizeable tonnages also went to Norway and France.

SALES OF BRITISH SHIPS TO OTHER FLAGS

	1981 (Jan. Sept.)		1980		1979		1978	
	No.	'000 grt*	No.	'000 grt*	No.	'000 grt*	No.	'000 grt*
Liberia	14	556	10	316	21	1,182	19	913
Panama	19	274	20	192	30	172	36	299
Greece	23	199	23	248	65	1,102	48	626
Singapore	13	141	8	101	9	104	19	139
Hong Kong	8	119	11	198	7	228	8	176
Others	47	913	37	435	63	1,131	68	980
Total	124	2,202	109	1,490	195	3,919	198	3,183

* Gross registered tons

Source: Department of Trade

Rising costs, especially of labour, have combined with falling freight rates in the recession to encourage the flight of vessels from the UK register. One UK shipowner has quoted a difference of £1,000-a-day between UK and Far Eastern manning costs for an efficiently-run bulk carrier.

The U.K. fleet has been dwindling since the mid-1970s and now totals just under 32m deadweight tons, against 50m dwt (dwt is based on cargo weight and grt on space) at the start of 1976.

To try to counter this decrease by *greater spending on* new vessels, the General Council of British Shipping has been lobbying the Government to provide more generous depreciation allowances.

So far, the Government has turned a deaf ear, but the GCBS intends to try again before next year's Finance Bill. Taking net figures, which include additions, the GCBS said the fleet dropped by 100 ships of 3.7m dwt in the first nine months to 1,041 ships—*573 less than in January, 1976.*

Only 650,000 dwt of new ships were ordered by British owners in the first three quarters of 1981. The total outstanding order book was 1.8m dwt at the end of September.

To keep Britain's merchant fleet around the 36m dwt level of the start of this year, annual orders need to total up to 4m dwt—well above the present level. New UK shipping investment was only £127m in the first half, well down on previous years.

In September alone, 11 ships were sold abroad, comprising five tankers (one for chemicals), five for bulk carriers, and one cargo liner. Two ships joined the fleet—a bulk carrier and a cargo liner.

Britain's biggest shipping company, Peninsular and Oriental Steamship (P & O), has had no new ships on order for some time. It has been contemplating a new cruise ship for the U.S. market and a new North Sea ferry, but is still weighing up whether to spend *the necessary £100m.*

Sir Yue-Kong Pao, Hong Kong's leading shipowner said recently in Hong Kong: "The shift of the centre of maritime power from the West to the East, a trend which has begun over the last two decades, will continue."

Hong Kong and Swiss interests launch drink gift service

BY GARETH GRIFFITHS

A DRINK *gift* service based on the Interflora florists' scheme was launched yesterday. It is backed by the Hong Kong and Shanghai Bank and Bienalegre, a Swiss venture finance group.

The company, Drink Link, will offer gift bonds which will be valid *for specific products* and which can be redeemed at any of the 1,500 UK off licences which are part of the scheme. The UK registered company hopes to handle 1m bottles in its first year. It is aiming for a turnover of up to £3m a year.

Mr David Markson, Drink Link's managing director, said the mark up per bottle by the company would be about £1. A fee of £3.50 per bottle will be charged for delivery to the recipient's home.

The company plans to spend £500,000 to launch the scheme and another £500,000 in running costs during the second year of operations. The Hong Kong and Shanghai Bank is providing half the risk capital, and the Bienalegre group from Geneva the other 50 per cent.

Off licences participating in the scheme will get a 30p commission on a voucher. There are plans to reduce the delivery charge to about £2.

Currently, private off licences are doing less well than the supermarket chains because their prices are higher.

Newspaper print workers offered rises near 5%

BY JOHN LLOYD, LABOUR CORRESPONDENT

NATIONAL newspaper owners have offered their 30,000 print workers rises of about 5 per cent from next January, adding an estimated £20m to Fleet Street's wage bill.

The four print unions — shortly to shrink to two if agreed mergers materialise — are to take the offer back to their executives. It is likely that it will then be put out to a ballot of the national newspaper membership, with or without a recommendation.

The Newspaper Publishers' Association, the body which represents national newspaper proprietors, told the unions that the offer was final.

Earlier this month, Sir Richard Marsh, chairman of the NPA, had warned the print union general secretaries in a letter that the industry was expected to show a loss next year, and that some papers faced closure.

However, the NPA's first offer of a nil increase for the first six months of next year followed by a review in July was increased in the course of a six-hour meeting yesterday.

The owners have also said they will set up a joint committee with the unions to investigate the feasibility of making print workers' pensions transferable, and will also look into the problems of low-paid print workers. The NPA agreed that any extra payments for low-paid workers would be backdated to the settlement date of January 1. The offer includes a minimum increase level of £6.25.

The NPA side took in all national newspapers this year, including the Mirror Group, which has been pursuing separate negotiations with its unions for some years. Last year, a number of newspapers—including Times Newspapers, Express Newspapers and The Guardian—either did not join the talks or left them once a certain stage had been reached.

The Mirror Group may face some problems in reaching a settlement, because some of its print workers have settlement dates different from the general January 1 covering the rest of Fleet Street. However, it is not expected that the NPA members will break ranks as they did last year, when the Mirror effectively forced an 8 per cent offer from the NPA up to 10 per cent by settling early at that figure.

● The TUC is to go ahead with its investigation into the feasibility of launching a national newspaper. The necessary finance — nearly £27,000 — has been raised from unions for the investigation, which is to be carried out by Lord McCarthy, the industrial relations expert, assisted by an advisory group.

Earlier it seemed as though the unions, already pressed for money through falling membership, would withhold financial backing.

Scargill's record attacked as a 'catalogue of disaster'

BY BRIAN GROOM, LABOUR STAFF

THE RECORD and policies of Mr Arthur Scargill, the favourite to succeed Mr Joe Gormley as president of the National Union of Mineworkers, have been sharply attacked as "a catalogue of disaster" by the leadership of the union's 10,000-strong Lancashire area.

In a special election edition of The Lancashire Miner, the militant Yorkshire miners' leader is accused of opposing every wage settlement of the past nine years, along with a voluntary early retirement scheme, a pneumoconiosis compensation scheme, and the national concessionary coal agreement.

The Lancashire area is backing its own president, Mr Bernard Donaghy, as one of three candidates, who are attempting to stap Mr. Scargill winning the presidency in the ballot on December 2-4.

The Lancashire Miner focuses its attack on the 20 per cent of the Yorkshire campaign pamphlet, Miners in the Eighties, which, it says, strays from national union policy. In particular, it attacks Mr Scargill's opposition to the industry's incentive scheme.

"We violently disagree with Mr Scargill's statement, 'that standards have suffered a severe setback, following the introduction o fthe incentive scheme in January, 1978,' and that, since this date, there has been a 25 per cent average increase in fatal accidents," the broadsheet says.

Figures, according to The Lancashire Miner, prove the opposite of Mr Scargill's claim.

National Coal Board statistics showed that the 1977-78 figure of 48 fatal acicdents had fallen to 30 in 1979-80, and 39 in 1980-81. The figure was as high as 72 in 1978-79, but this was caused by a massive increase in surface deaths and the Golborne colliery disaster.

There was a distinct downward trend in al laccidents, The Lancashire Miner said.

It challenges Mr Scargill's claim that the NCB's list of planned pit closures was withdrawn earlier this year, only as a result of immediate strike action by South Wales and Kent, supported by Scotland, Durham and Yorkshire.

Yorkshire took no action, The Lancashire Miner claims, and, in effect, the South Wales leadership condemned Mr Scargill for not taking strike action in support of South Wales.

The broadsheet also attacks Mr Scargill's commitments on union democracy.

Mr Will Paynter, former NUM general secretary, is attacked for writing the foreword to the Yorkshire document. The Lancashire Miner points out that the NCB was "allowed to get away with its massive pit closure programme of the 1960s, while he was leader of the NUM.

● Yorkshire miners yesterday chose their candidate for the Dearne Valley parliamentary constituency where Mr Edwin Wainwright, the Labour MP has announced he will not be seeking reselection.

He is Mr Terry Patchett, the constituency party chairman and delegate at Houghton main colliery near Barnsley.

ITN technicians continue to halt broadcasts

BY IVO DAWNAY, LABOUR STAFF

STRIKE ACTION by 250 technicians continued to halt Independent Television News broadcasts last night with little prospect of a resumption of services today.

Members of the Association of Cinematograph, Television and Allied Technicians met yesterday to discuss their action but there are no moves towards talks with management.

The disputes, which began on Friday evening, centres on the use of new video editing equipment. Union officials claim that ITN was under an obligation to negotiate new terms on manning, regrading and payments for the use of the machines after the completion of a six month trial.

The company says the terms and conditions for introducing the video editing machines has already been agreed under a deal signed shortly after the end of the independent television dispute in 1979.'

Mr Alan Sapper, ACTT general secretary, said yesterday the technicians considered the management had breached the agreement. "We have offered to go to a special disputes tribunal that was set up under the agreement, but the management have declined to meet us," he said.

ITN said last night there was no point in going to a disputes tribunal over an agreement that had already been negotiated.

Tanker drivers deadlock

By Our Labour Staff

TALKS BETWEEN unions and management at Texaco and Esso continued last night in an attempt to break the deadlock over the companies' 8.1 per cent pay offer.

Transport and General Workers' Union officials, representing about 4,000 tanker drivers and depotmen at the two companies, have warned that strike action is "almost inevitable" if no progress is made towards an 11 per cent claim, in line with the settlement at Mobil last May.

Shell management rejected a compromise agreement put forward by representatives of the company's 2,000 drivers at the offices of the Advisory, Conciliation and Arbitration Services on Saturday. The union offered to lower their claim to 9.99 per cent and reduce relaxation breaks by 10 minutes a day if the company agreed to cut the 40-hour working week by two hours.

Shell claimed the offer applied only to basic rates and would not substantially alter the union's claim.

Senior shop stewards from Shell, Esso and Texaco are due to meet later this week to decide what recommendations should be made to the workforce.

About 80 Chevron drivers continued their strike action over a similar 11 per cent claim yesterday. Chevron management, which has made an 8.1 per cent final offer, will meet the unions at Acas tomorrow.

Boilermakers deny ballot forgeries in court hearing

BY OUR LABOUR CORRESPONDENT

ALLEGATIONS OF ballot paper forgery in the election of the Boilermakers' Society general secretary would be "*most* strenuously denied," counsel for the Society told the High Court yesterday.

But the case was adjourned until the New Year, following a request from the plaintiff, Mr Barry Williams, for a handwriting expert's evidence.

Mr Wiliams, the unsuccessful candidate in the union election last year and the society's full-time official in Liverpool, is alleging voting irregularities by supporters of Mr James Murray, the present general secretary of the union.

Both sides have alleged irregularities on the part of the other's supporters. The union's own appeals machinery has reviewed the case twice and on both occasions has adjusted the vote totals. But Mr Murray emerged the winner in both cases.

Jobs Express starts its journey

BY BRIAN GROOM, LABOUR STAFF

THE JOBS EXPRESS—a train carrying about 100 unemployed youths with slogans of "Give us a future. Jobs in our time," set out from Newcastle upon Tyne yesterday on a five-day journey meant to highlight the problems of teenage unemployment.

The journey, which is expected to cost £100,000, was organised by the TUC and other groups as part of the Jobs for Youth campaign. It is hoped that the Jobs Express can embarrass the Government by exposing its failure to train and place school leavers in work.

Various unions are sponsoring different stages of the journey, with the first leg financed by Britain's third largest union, the General and Municipal Workers.

Mr David Basnett, general secretary of the General and Municipal Workers Union and chairman of the TUC's economic committee, said that the Government could be stopped "with care and co-ordination". A shorter working week of 35 hours would create 500,000 more jobs, he said.

"This train, as it leaves, has led the TUC into collaboration with other organisations to find and expose the horror of youth unemployment. We hope to place a new emphasis on the alternative economic strategy and to provoke a greater urgency in direct trade union activity to preserve and create new jobs."

"With the failure of the Government's promises for a training place or a job for school leavers, unions should seek an allocation for young people in all new employment, and we should stop the nonsense of importing unemployment.

"Our members use foreign parts in machines where British ones are available. All unions and members should press for the use of British alternatives. This train symbolises our resistance, emphasises our hope and pledges our future action."

The train's first stop yesterday was at Edinburgh and will have picked up young people from 10 cities by the time it arrives in London on Friday. 450 Youth Opportunities Programme trainees, students and unemployed teenagers are expected to be on board. After rock concerts, a march and a rally at the weekend, the demonstrators will lobby Parliament on Monday.

Tough line on trade union immunities

The Government intends to introduce further legislation to improve the operation of the labour market by providing a fairer and more balanced framework of industrial relations law and to curb a number of continuing abuses of trade union power. The Employment Act 1980 was an important first step in this process, particularly in relation to the closed shop, secondary picketing and secondary industrial action. The Government believes that the time is now right to take a further step. Its proposals for legislation, to be introduced in this session of Parliament, are set out below.

The Government has drawn up its proposals after extensive consultations on the basis of the Green Paper on trade union immunities (Cmnd 8128). Over 300 organisations and individuals submitted comments. These showed that there is overwhelming support in industry for a further legislative step in this Parliament. The Government has also taken into account —particularly in developing its proposals on the closed shop— the experience of the operation of the Employment Act.

MR NORMAN TEBBIT, Employment Secretary, told the Commons that the proposals had been prepared in the light of the extensive consultations on the basis of the Green Paper on Trade Union Immunities published in January of this year.

"These consultations have shown that there is a wide measure of agreement on the issues which need to be tackled and widespread support for a further legislative step in this session of parliament.

"Our proposals are therefore a direct response to those consultations. I have today placed in the library copies of a document explaining the proposals in detail. They cover the closed shop, the definition of a trade dispute and the immunity for trade unions themselves.

"In formulating these proposals our aim has been twofold: first, to safeguard the liberty of the individual from the abuse of industrial power; and secondly, to improve the operation of the labour market by providing a balanced framework of industrial relations law.

"These aims are fundamental to any civilised and prosperous society. The need for further legislation to help to achieve them is clear and we believe the time is right.

"On the closed shop we propose—first, that the compensation for someone who is unfairly dismissed because he is not a member of a trade union should be increased substantially; secondly, that existing, established closed shops should be subject to a periodic ballot—and thirdly, that anyone who is unfairly dismissed in a closed shop because of trade union pressure should be able to seek compensation directly from that trade union.

"We also propose that the practice of requiring contractors to employ only trade union members as a condition of seeking or obtaining a contract should be made unlawful.

"We propose to tighten up the definition of a trade dispute which is now unacceptably wide. Our proposals are designed to ensure that disputes which are predominantly political or personal, and disputes which do not directly involve an employer and his own employees, are excluded from the statutory definition and therefore do not attract immunity.

"Finally, we propose that the immunity of trade unions themselves should be brought into line with the immunity for individual trade union officials and their members. We do not believe that it is right or necessary for trade unions to continue to enjoy an immunity which, as the Donovan Commission pointed out, is wider than that of any other organisation or person, even the Crown.

"The Government's intention is to bring forward a Bill as soon as possible after the Christmas recess. In the meantime the document being published today invites comments on our proposals."

Trade union immunities

Trade unions enjoy a much wider legal immunity than their individual officials or members. Under section 14 of the Trade Union and Labour Relations Act 1974 trade unions as such have virtually unlimited immunity from actions in tort, even where they organise industrial action outside a trade dispute. This means that trade unions cannot be sued for their unlawful acts or for unlawful acts done on their behalf by their officials.

The Government does not accept that the breadth of the immunities is any longer necessary in modern conditions to enable trade unions to represent their members effectively. It is unfair and anomalous that while trade union officials may be sued for organising unlawful industrial action on behalf of a trade union, the union itself can escape liability altogether. In these circumstances there is a lack of incentive for trade unions to ensure that their officials operate within the law and that industrial action is restricted to legitimate trade disputes and is otherwise lawful.

The consultations on the Green Paper show that there is substantial support for a reduction of the immunities for trade unions. The Government, therefore, proposes that the immunities for trade unions should be brought in line with those for individuals in section 13 of the 1974 Act (as amended). The main effect of this would be to make trade unions themselves liable to be sued in tort when they are responsible:

● for unlawful acts which are not "in contemplation or furtherance of a trade dispute; and

● for action which is unlawful for individuals by virtue of the limitations to section 13 made by the Employment Act 1980 (that is secondary picketing, indiscriminate secondary action and industrial action to compel union membership) and any amendments which may be made as a result of other proposals relating to immunities in this paper.

The Government believes that it is desirable to provide guidance in legislation as to when trade unions are to be held vicariously liable for unlawful acts committed by their officials. Such guidance would help unions and employers to establish more clearly the limits of immunity and liability.

The Government believes that any guidance on vicarious liability should be based on the common law principles which the House of Lords adopted in such cases as Heatons Transport (St Helens) v. TGWU (1972) and General Aviation Services (UK) v. TGWU (1976). It is therefore proposed that legislation should provide that where torts were committed by trade union officials the trade union would be held vicariously liable only if:

● the national executive of the union had specifically authorised or ratified the action complained of; or

● the subordinate body or official of the union whose action was complained of had authority for the action under the rules of the union or was acting on instructions from a body or officials who had such authority and its or his action had not been repudiated by a more senior authoritative body or official of the union.

This may not, however, be sufficient in situations where the trade union rules are ambiguous or unclear about whether a particular official or body has the authority to call industrial action. The Government is therefore considering proposing in addition that where the union rules do not clearly establish whether an official or body is acting within the authority of the trade union, the trade union should be liable unless a more senior authoritative body or official has repudiated the action.

Trade unions which were found liable for unlawful action could be sued for both injunctions and damages. The Government proposes to limit the damages which could be awarded against a trade union in any one case according to the size of the union involved as follows:

Fewer than 5,000 members	*£12,500*
5,000-24,999	*£62,000*
25,000-100,000	*£125,000*
more than 100,000	*£250,000*

It is further proposed that a union's provident and political funds should be protected from liability in the event of an award for damages.

Definition of a trade dispute

The Government also proposes to amend the present statutory definition of trade dispute, which as a result of the last Government's legislation and recent court decisions is unacceptably wide. Since the immunities for individuals (and, as proposed, trade unions) apply only to "acts done in contemplation or furtherance of a trade dispute," this will restrict further the immunities for those who organise industrial action.

Four amendments are proposed to the definition of a trade dispute in section 29 of the Trade Union and Labour Relations Act 1974:

● to require that trade disputes should relate *wholly or mainly* to the matters listed in section 29(1), rather than, as now, be simply "connected with" those matters. This is necessary in particular in the light of the House of Lords judgment in *NWL v. Nelson and Woods (1979)*. It would ensure that disputes which were mainly political or personal in character and had only a slight connection with the subject of a trade dispute fell outside the trade dispute definition;

● to exclude disputes between "*workers and workers*";

● to exclude disputes relating solely to *matters occurring outside Great Britain.*

● to restrict trade disputes to *disputes between an employer and his own employees.* This would make disputes between an employer and a trade union where the employer had no dispute with his own employees unlawful. It would thereby remove immunity from secondary action which was directed at an employer whose employees were not taking industrial action themselves and were entirely content with their terms and conditions of employment. It would be necessary to ensure that an employer could not avoid being in legitimate dispute with his own employees simply by sacking those with whom he was in dispute.

Selective dismissals in a strike

Section 62 of the Employment Protection (Consolidation) Act 1978 removes from the industrial tribunal jurisdiction to hear complaints of unfair dismissal made by employees involved in a strike where the employer has dismissed all those participating in the industrial action. The tribunals retain jurisdiction, however, to hear complaints from employees on strike where the employer has discriminated by dismissing some but not all of the relevant employees. In 1978 the House of Lords ruled that participation in the industrial action refers to *all* the employees who have taken part in the industrial action, not merely those on strike at the time of the dismissal. Where, therefore, some employees have returned to work, an employer runs the risk of unfair dismissal complaints if he dismisses those remaining on strike.

This is clearly anomalous. It is therefore proposed to amend section 62 so that the tribunals have jurisdiction only where an employer discriminates by dismissing some but not all of those of his employes *actually on strike at the time of the dismissal*. An employer would need to give postal or other effective notice (perhaps four working days) to all employees on strike of his intention to dismiss any who had not returned by the end of the notice period.

Ballots

Under section 1 of the Employment Act 1980, public funds are available for secret ballots for trade union elections and votes on certain other issues, including the calling and ending of strikes. It is proposed that the list of issues for which funds are available should be extended to cover votes on wage offers. This would be done by affirmative resolution, as provided for by the Employment Act.

Closed shop

The consultations on the Green Paper have shown that there remains widespread public concern about the closed shop. Closed shop agreements restrict unacceptably the freedom of individuals to choose for themselves whether or not they wish to join a trade union. In some cases their existence is a barrier to the removal of restrictive practices and to improved efficiency and competitiveness.

Public concern has been increased in recent months by the actions of Sandwell and Walsall Councils. Their enforcement of closed shop agreements, regardless of the wishes of their employees, and their dismissal of non-union employees regardless of their rights have reinforced the need for legislation to strengthen further the protection for individuals provided by the Employment Act.

The Employment Act 1980 greatly increases the protection for individuals in a closed shop. It makes it unfair to dismiss an employee for non-membership of a trade union in a closed shop on three grounds:

● Where the employee is an existing employee of the employer concerned before the closed shop agreement came into effect and has not been a member of one of the specified trade unions since;

● Where the employee can show a genuine objection to trade union membership on grounds of conscience or other deeply held personal conviction; or

● In the case of a new closed shop set up after the provisions of the Employment Act came into force (on August 15 1980), where the agreement has not been approved by 80 per cent of the employees concerned voting in a secret ballot.

The remedy for an employee who is unfairly dismissed is a complaint to an industrial tribunal which may award compensation, and, if it thinks it practicable, reinstatement.

The Government proposes to reinforce these provisions in four ways.

1—Increased compensation

The present levels of compensation available to closed shop victims do not act as a sufficient deterrent to an employer who is minded to dismiss an employee unfairly in order to enforce a closed shop agreement. Nor do they provide adequate compensation to dismissed employees, particularly low paid employees, whose dismissal involves a serious loss of livelihood. The Government, therefore, proposes to increase substantially the levels of compensation available in cases of unfair dismissal in a closed shop.

At present compensation for unfair dismissal for an "inadmissible reason" — for example unfair dismissal in a closed shop or for trade union membership or activities—is in three parts:

● A basic award of between ½ week's pay and 1½ weeks' pay for each complete year of employment (depending on age) subject to a maximum of £3,900 (that is, £130 x 30 weeks for a maximum of 20 years' service);

● A compensatory award based on loss of earnings in the past and future, loss of pension rights, subject to a maximum of £6,250;

● An additional award of 26-52 week's pay at the tribunal's discretion (subject to a maximum of £6,760) if the employer refuses to comply with an order for reinstatement.

The maximum award is £10,150 if no reinstatement order is made; and £16,910 if the employer does not comply with a reinstatement order.

In deciding whether to make an order of reinstatement the industrial tribunal must take into account three tests:

● whether the complainant wishes to be reinstated;

● whether it is practicable for the employer to comply with an order for reinstatement;

● where the complainant caused or contributed to some extent to his dismissal, whether it would be just to order his reinstatement.

Under the Government's proposal, an employee would be differently treated according to whether he sought reinstatement.

If the employee did not seek reinstatement then the following compensation would be available:

(a) a basic award calculated as now (up to the present £3,900 maximum) but subject to a minimum of £2,000;

(b) a compensatory award calculated as now but with the upper limit abolished.

If the employee sought reinstatement, the tribunal would be required, in deciding whether to make an order for reinstatement, to consider only whether it was practicable for the employer to comply with an order for reinstatement. If it decided that it was not practicable for the employer to comply, compensation would be awarded as follows:

● a basic award calculated as above (that is, as now but subject to a minimum of £2,000);

● a compensatory award calculated as now but with the upper limit abolished;

● a special award of 2½ x annual salary subject to a minimum of £12,000.

If the tribunal made an order of reinstatement which was complied with, then the present rules would apply ie any loss incurred between the dismissal and reinstatement would be made good by the employer.

If the tribunal made an order of reinstatement which was not complied with, then the tribunal would make an additional award of three x the annual salary subject to a minimum of £15,000 (ie, in place of the "special award" described in paragraph 12(c)).

This would mean that a man on average earnings (about £7,500) could expect total compensation of over £20,000 if the tribunal decided it was not practicable for the employer to reinstate and over £24,000 if the tribunal ordered reinstatement which was not complied with.

The Government proposes that these enhanced levels of compensation should also apply to dismissal on grounds of trade union membership and activity.

2—Interim relief

At present an employee who is dismissed for trade union membership or activities can apply to an industrial tribunal for "interim relief," ie, for an order requiring the employer to observe the employee's contract of employment until the full hearing of the dismissal complaint. It is proposed that interim relief should also be available to employees dismissed for non-membership of a trade union in a closed shop.

3—Periodic review of existing closed shops

The Employment Act places an obligation on an employer setting up a new closed shop agreement to test the support for that agreement in a secret ballot of his employees (see paragraph 5(c) above). The Government believes that the same principle should now be applied to all existing closed shop agreements.

It is proposed, therefore, that in future dismissal for non-membership of a trade union in a closed shop should be regarded as unfair if:

(a) there has been no secret ballot of the employees covered by the agreement within 12 months of the new legislation coming into effect or within a stated previous period (perhaps three or five years); or

(b) where there has been a ballot, if it has not shown overwhelming support (perhaps 80 per cent of those covered or 85 per cent of those voting) for the continuation of the closed shop.

Further ballots would be required at regular intervals (perhaps every three or five years) if liability for dismissal was to be avoided. Anyon[e dis]missed for non-membersh[ip in] these circumstances [would] qualify for the propose[d in]creased rates of compen[sation] and be able to apply for in[terim] relief as described in para[graph] 17.

4—Trade union contributi[on to] compensation

In many cases of closed [shop] dismissals it is pressure [(for] example, the threat of [indus]trial action) from a trade [union] which leads to the dism[issal] and which may preven[t the] employer agreeing to rein[state]ment. The Government bel[ieves] that where such pressu[re is] exercised the trade [union] should be more readily acc[ount]able and liable to pay a [share] of any compensation whic[h the] tribunal awards.

The Employment Act made it possible for an [em]ployer who has dismissed a [non-]union employee as a resu[lt of] pressure from a trade [union] to "join" the union as a [party] to the proceedings, but h[e can] do so only at the begi[nning] of the proceedings. The [tri]bunal may then order the [union] to reimburse the employe[r for] some or all of the compens[ation] awarded to the dism[issed] person.

The Government pro[poses] that in addition, the dism[issed] employee should be abl[e to] "join" the trade union in [the] proceedings on the grounds [that] it has contributed to his [dis]missal by exerting pressur[e on] the employer. Where a [trade] union, following joinder [by] either employer or empl[oyee,] was found to have acted t[o] force dismissal in this wa[y, an] award for compensation ag[ainst] it would be directly rec[over]able by the employee from [the] union, instead of, as now [under] employer joinder, from the [em]ployer. The compensation would be obtained through [the] normal process for the rec[overy] of debt.

It is also proposed [that] joinder should be possibl[e at] any stage in the proceeding[s.]

Union labour only requirements

The consultations on [the] Green Paper have shown [that] there is particular co[ncern] about the practice of requ[iring] contractors to use only [union] labour. Such practices [have] become more prevalent i[n re]cent years, not least among [local] authorities and some nat[iona]lised industries.

The Government regards [such] practices as unacceptable. [They] are a means of conscripting [into] unions employees who hav[e no] interest in being [union] members.

In some cases a small [non-]union firm may have no ch[oice] but to submit to the u[nion] labour only requirements [and] put pressure on its employe[es to] join a union in order to [avoid] being put out of business.

The problem is often see[n as] being no more than [the] insistence on union labour clauses in contracts. But [some] local authorities have [only] invited tenders from [firms] included on a list of recog[nised] contractors, only those [firms] which have a closed shop o[r are] prepared to guarantee to [use] only union labour. The Go[vern]ment, therefore, proposes th[at:]

● any clause in a con[tract] requiring the employment of persons who are or who [are] not members of a union sh[ould] be void (that is, unenforce[able] at law); and

● discrimination in invi[ting] tenders for, offering, placing [or] making contracts for the [pro]vision of goods or services [on] the grounds that any[one] employed in connection with [the] performance of the cont[ract] should or should not b[e a] member of a trade union sh[ould] be unlawful.

In addition the Governr[ment] proposes to remove the statu[tory] immunity from being sue[d in] tort from any person [who] organises or threatens indus[trial] action to put pressure on [an] employer to put a union la[bour] only clause in a contract o[r to] discriminate unlawfully.

A wider but connected q[ues]tion is that of industrial a[ction] with the objective of preven[ting] an employer with a cont[ract] from fulfilling it because no [t all] his employees are members [of a] trade union. The refusal [of] union members to work al[ong]side non-union employees [is] deep-rooted in some indust[ries] and is often tolerated [by] employers. It has also b[een] accepted that it is not poss[ible] to eradicate this practice sim[ply] by changes in the law. [It is] nevertheless arguable that [the] Government's proposals [on] union labour only requirem[ents] would be incomplete if it [con]tinued to be lawful for a per[son] to organise industrial action [to] prevent non-union employ[ers] fulfilling a contract which [has] been lawfully awarded. [The] Government is therefore c[on]sidering whether to propose [that] the immunity for indust[rial] action which interferes with [the] performance of a cont[ract] primarily on the grounds [that] those employed to perform [the] contract are or are not u[nion] members should be remove[d.]

Conclusion

The Government intend[s to] introduce a Bill to give effe[ct to] these proposals early in the [New] Year. They would, there[fore,] welcome comments on the [pro]posals by the end of the [year.] Comments should be sent [to the] Department of Employ[ment,] Caxton House, Tothill [Street,] London, SW1H 9NF.

UK NEWS — PARLIAMENT and POLITICS

nion curbs will oost efficiency, ebbit says

R OWEN

PROGRESS in remov- ictive practices in will result from the gislation planned by rnment, Mr Norman ne Employment Sec- edicted in the Com- erday.

de this forecast in Labour charges that union immunities, he Government is d to get on to the ook within the next is, would make no on to prevent un- nt exceeding 3m.

ebbit accused Labour overlooking the job hich had occurred the inefficiency of ndustry "fostered by practices buttressed union immunities."

that as a consequence asures, fewer workers likely to lose their ugh the closed shop.

ebbit won applause vernment supporters told Mr Ray Whitney vcombe): "Unless we ndustry of restrictive unless we get a freer arket, unless we pro- le from abuse of union is House will have

nials that the legisla- unted to a new exer- union bashing" were by Labour MPs who a pledge by Mr Eric the Shadow Employ- nister, that the next Government would off the statute book." arley described Mr statement as "tawdry nick" designed to avert or the Conservative in the Crosby by- on Thursday.

ley saw the package on l relations law as no n an irresponsible and t diversion to hide the hic failure of the ent's economic policy. d nothing in the legis- ould help the hundreds sands of companies d gone into liquidation rs Thatcher's Govern- ok office in May 1979 excellent industrial

the case of the 1971 l Relations Act, a Con- Government was g on a course which to create strikes, Mr ntended. recipe for conflict and he teeth for the trade e declared.

ackbenchers gave a ly warm welcome to uncement that the nt intended to outlaw ice of requiring con- o employ only union as a condition of seek- nning a contract.

Mr John Townend (Con., Bridlington) said it would be of special benefit to the many small companies which did not operate a closed shop and which had been excluded from tendering for contracts with union labour only provisions.

Mr Tebbit agreed that some local authorities had sought to extend the closed shop through such provisions. "I am determined that this should end," he said.

The abuse of power by employers was underlined by Mr Laurie Pavitt (Lab., Brent S) who recalled the Grunwick dispute and reminded the minister that there were hundreds of workers not permitted to join a union.

Without securing any perceptible reduction in the hostility shown towards him by Labour MPs, Mr Tebbit explained that the increased compensation payable to those dismissed as a result of not being a member of a union would be extended to those dismissed for being members of a union.

Mr John Gorst (Con., Hendon N.), asked if Mr Tebbit's statement implied that the Government had no further legislation in mind to "complete the reform of the trade unions in this country."

Mr Tebbit answered that he could not conceive any institutions which were so perfect that they did not require further reform at some time, but the proposals he had announced were as much as could be tackled during the present parliamentary session.

Mr Joe Ashton (Lab, Bassetlaw) challenged the minister to admit that nothing in the proposed legislation would solve the current dispute at BL. He said the employers had taken action out of step with agreed procedure and had refused to reconsider their action.

Mr Tebbit replied that if Mr Ashton was advocating legislative powers to enforce procedure agreement ,it was a step he was not prepared to take at the present stage.

"You must not expect that industrial relations law can solve all industrial relations problems," he added.

Mr Tebbit rejected a suggestion by Mr Stanley Crowther (Lab, Rotherham) that most employers were opposed to further industrial relations legislation in the lifetime of the present parliament.

He pointed out that the action he had outlined covered most of the priority areas listed by the CBI, although he accepted that this employers' body had also identified other areas where it did not think immediate action was required.

Humphrey gets stuck in a sandstorm

IF THE TV mogus are looking for material for a new sit-com they could do worse than study the contrasting performances of Mr Norman Tebbit, Employment Secretary, and Mr Humphrey Atkins, deput yForeign Secretary. The prospective title could be Nasty and Nice.

In the Commons yesterday we had the amiable Mr Atkins announcing British participation in the Sinai peacekeeping force.

The statement seemed to have been showved into his hands just as he entered the Chamber and he floundered through it with the desperation of a non-swimmer whose water wings have just collapsed.

It seems most unfair, the way Lord Carrington, Foreign Secretary, swans around the world starting initiatives and getting his face on TV, and then leaves his deputy to explain it all at Westminster.

Such was the obscure phraseology that the suspicions of MPs on both sides of the House were immediately aroused.

But if something shifty was going on, the Foreign Office did not seem to have let Humphrey into the secret.

Was Britain actually going to contribute troops or just equipment?

"Those details remain to be worked out," he replied mysteriously.

Then, as Labour MPs rocked with scornful laughter, a hasty correction was made.

"No, it is our understanding that troops will be available."

How many would be sent?

"I have already said that the contribution will be of the order of a hundred men."

"No, you didn't," bawled angry MPs.

"Oh, then let me say it now in that case," he mumbled unhappily.

By this stage the Prime Minister, sitting besides him, was impatiently looking at her watch with the air of a woman who has suddenly remembered an urgent appointment elsewhere.

Eventually, Mr Atkins stumbled out of the Sinai sandstorm and was replaced by the Government's hard man, Mr Norman Tebbit, who was unveiling further proposals for industrial relations legislation.

Scurrilous newspaper stories had suggested that the announcement was being made in a desperate last ditch attempt to hold the Tory seat in the Crosby by-election.

Mr Tebbit, however, was eager to make it clear that such ignoble motives had not entered his mind.

"I don't know whether union bashing would be popular or not, because I don't intend to indulge in it," he declared loftily.

Then, a few minutes later, he was referring to "a certain distinguished lady" who had shown her approval of the closed shop by going on the Grunwick picket line.

By a strange coincidence, the lady in question happened to be the beloved Shirley Williams, SDP candidate at Crosby.

Without much conviction Mr Tebbit tried to present himself as a "moderate and modest man" who was announcing moderate proposals.

But Labour MPs were having none of it — "crass, inept, vindictive and poisonous" was their verdict.

As every actor knows, once you are stuck with an image in a long-running TV series, it is almost impossible to change it.

John Hunt

Tory candidate lays an egg for the press

Elinor Goodman, in Crosby, on Thursday's by-election prospects

MR JOHN BUTCHER, the Conservative candidate in Crosby, yesterday laid an egg before the Press as evidence of the dangers the Government's champions run in Crosby these days.

The egg, he claimed, was one of "an estimated" dozen thrown at comedian Ken Dodd when he came over from neighbouring Knotty Ash to head a Conservative cavalcade.

Fortunately, the egg was caught by Preston Young Conservative chairman Sue Brown, who thoughtfully testified to its authenticity by signing it where the lion used to be and then handed it over to the appropriate authorities.

Other eggs hit their target, however. You had to admire the courage of Mr Dodd, a professional entertainer, in coming to Crosby at all said Mr Burton. After all, he added hastily, there wasn't much mileage for anyone in declaring their support for a particular party.

The egg revelation was part of an offensive launched by Mr Butcher yesterday in an attempt to stop the SDP bandwagon, which the opinion polls suggest will sweep Mrs Shirley Williams into Westminster on Thursday.

Mr Butcher was careful not to suggest Mrs Williams had anything to do with the egg incident, but he managed to imply that it was nothing to the nonsense he had had to stand from her during the campaign.

He accused her of treating him "shabbily" at a weekend meeting, and, showing that he has at last begun to grasp Conservative Central Office's brief, he claimed that the SDP's economic policies were full of contradictions.

In advance of the Government's announcement yesterday afternoon of new trade union legislation, Mr Butcher also lashed into the unions, who he blamed jointly with former governments for almost all Merseyside's unemployment problems.

It was not, he said, the Government's fault that jobs had been lost but the "pig headed stupidity" of some trade unionists in the area.

Meanwhile, his agent produced figures to show that far from being the 10 points behind Mrs Williams that the opinion polls suggest, Mr Butcher can already count on the support of 50.38 per cent of the electorate.

According to Tory figures, based on contacts made with 43 per cent of the electorate up to last Friday, Mrs Williams had the support of only 17.08 per cent of voters, while Labour was trailing with 9.43 per cent.

Another 1 per cent of those interviewed intended voting for one of the fringe candidates, while the remaining 21.85 per cent were still undecided.

The Social Democrats, over at their headquarters, produced figures telling a very different story.

According to their canvassing over the weekend, they are just ahead of the combined opposition with 32.8 per cent of those interviewed saying they will vote SDP and 29 per cent saying they will not.

If the SDP figures are right the election is still very open. Their returns show that another 29 per cent still have not made up their minds, and as the SDP agency conceded yesterday, the majority of "don't knows" in this traditional Tory seat will probably vote Conservative in the end.

The Tories were hoping that the announcement of their plan for union legislation might help them win some of the "don't knows," but Mrs Williams yesterday managed to envoke both Prince Charles and Mr Len Murray in support of her attack on the Tory approach.

The fact that Mr Murray was already talking to the Labour Party about repealing the legislation was just another example of the problems created for the country by the old two party system, she said.

As for Prince Charles, his worries about the relations between management and unions would clearly be eased if the SDP was able to implement its plans for industrial democracy.

Meanwhile, the Labour candidate, maths teacher Mr John Backhouse, was again showing the frankness which has made him the unlikely hero of the Press.

Shirley Williams: opinion poll favourite

Asked if he could cost his proposal to increase the pensioners' Christmas bonus by £25, he replied "No."

He did, however, offer to work out the sum if somebody could tell him how many pensioners there were.

Britain to send troops to Sinai peace-keeping force

FINANCIAL TIMES REPORTER

BRITAIN WILL contribute about 100 troops to the 2,500-strong peace keeping force in Sinai after Israel withdraws, Mr Humphrey Atkins, the Lord Privy Sea, told the Commons yesterday.

Mr Atkins sidestepped questions from Shadow For questions from Mr Denis Healey, Shadow Foreign Secretary, who wanted to know how the troops would be used, and who would command them.

"These details remain to be worked out," he said. Later he told MPs that United Nations Peacekeeping Force arrangements would apply.

Mr Atkins said the United Kingdom, along with France, Italy and the Netherlands had agreed to contribute to the multi-national force and observers in Sinai.

"We believe that the international community has a duty to play its part as necessary and with the agreement of the parties concerned in peace arrangements in the Middle East," he said.

Mr Atkins went on: "We regard our support for the arrangements associated with the implementation of the Egypt-Israel peace treaty as quite distinct from and independent of the rest of the Camp David process."

Mr Atkins pledged support for the Egyptian government, and underlined the determination of the British Government and its EEC partners to "continue to work for the achievement of a comprehensive peace in the Middle East in all ways consistent with the principles to which we hold."

Sir Hugh Fraser (Con, Stafford and Stone) wanted more men to be sent. Mr Atkins said there was no point in providing more than had been asked for.

Mr Peter Tapsell (Con, Horncastle) asked under what circumstances Israel or Egypt could ask for troops to be withdrawn.

Mr Atkins said that under the treaty both Israel and Egypt had the right to veto forces, adding that he hoped they would not do so.

Mr Stan Newens (Lab, Harlow) warned that by sending a peacekeeping force Britain would be "liable to be accused of bias by those nations who don't recognise the Camp David process."

Former Labour Prime Minister Mr James Callaghan called for a time limit for the force. While he totally supported the move, he asked: "Isn't it also necessary that we should put a period of time for which we stay there in order that confidence may be seen to grow and this exercise should not just drift away as others have done in mutual recriminations about what its role is?"

Mr Atkins said it might be difficult to establish a time limit.

Mr Anthony Steen (Con, Wavertree) supported Sir Hugh Fraser's call for more troops to be sent.

"It is a rather derisory figure of two bus loads of members of our armed forces to police an area nearly 1,000 miles long," he camplained.

announces private a gas pipe

Times Reporter

ISH GRAY, Minister or Energy, yesterday l the first privately scheme to collect gas during oil production rth Sea.

vernment came under the Opposition earlier or refusing to provide sh to build a pipeline the gas.

y said the recent deci- troduce more competi- he gas industry was e reasons the new gas- project had got off the

y di dnot disclose who rate the new Northern line, but he said it ng ashore about 100m of gas a day, which would be flared off Magnus, Murchison le oilfields.

Opposition, Mr Ted said the announce- no more than a partial

UK economy forecast out soon says Howe

By Max Wilkinson, Economics Correspondent

THE TREASURY'S official forecast of the UK economy is expected to be published next week, Sir Geoffrey Howe told the Treasury and Civil Service Select Committee last night.

This indicates that Treasury hopes the argument over public spending in 1982-83 will be resolved at the Cabinet meeting on Thursday or soon after.

A decision on the level of public spending for next year is needed as part of the input to the Treasury computer for the forecast produced under the Industry Act. There were fears that the disagreement between spending Ministers Treasury over the level would delay a decision.

The Treasury is now expecting public spending to be in the range of £114bn to £116bn, compared with the £110bn impleid in the last expenditure White Paper.

Beckett selected for Derby S

Financial Times Reporter

MRS MARGARET BECKETT, former MP for Lincoln, has been selected to contest Derby South for the Labour Party at the next general election.

Terry Kirk

v Ian Paisley, leader of the Democratic Ulster Unionist Party, leading a parade of rs towards Stormont down Royal Avenue, Belfast, during yesterday's Northern Ireland Day of Action

TECHNOLOGY

EDITED BY ALAN CANE

Photographers with their heads in the video sand

BY JOHN CHITTOCK

FIVE men stood in the dock last Thursday, accused of creating a disturbance. One of these, I have to admit, was me—in company with Mr Norman Cooper (a photographic business consultant), Mr Reginald Osborn (photographic manager of Mirror Group Newspapers), Mr Ronald Callender (photographic manager of Unilever Research) and Mr Peter Rolls (head of reprography, Royal Aircraft Establishment, Farnborough).

It was this gang of five who had prepared for the Printing and Publishing Industry Training Board a report on *The Effects of Present and Future Technological Development on Photography and the Profession*.

Our conclusions, published earlier this year, have caused temperatures in quite a few darkrooms to rise considerably (the technical consequence of which, in photography, is also to raise the fog level). Our prognosis had been somewhat gloomy, especially for those in the processing end of the business. Developing and printing has become a highly automated process—reducing the need for skilled labour; at the stage of making colour prints, it also promises to go "dry"—eliminating at least some of the wet processes.

A London meeting of the Incorporated Institute of Photographers, attended by the trade press, last week gave our critics a chance to challenge some of the findings. The emotional core of what should be a rational argument based on simple facts is that the average High Street photographer has a rather poor image as a businessman and innovator. The image, regrettably, is generally justified.

Last week's meeting alone provided some evidence of this, with a few heads in the sand avoiding—for example—any recognition of the challenge of video to the local commercial photographer. The photographic retail business has already lost out on the video revolution—showing little interest or concern—while the local hi fi, TV rental or specialist video shop is already grabbing customers who once bought 8mm home movie cameras.

The threat of video to the High Street photographer's business was exemplified last

Video and Film

Thursday by one speaker who the previous Saturday had analysed 17 weddings in an English provincial town—finding that nine of them had been "covered" by video cameras.

At the high volume processing and printing end of the business, the changes threaten to be substantial. One example, described at the meeting, is an electronically generated colour printing process—named Laser-Color—which is offering 33 per cent price cuts on consumer colour prints.

Curriculum

Lurking in the shadows of this commercial jungle is another fever-raiser: education. The photography schools, some claimed, are still providing the same kind of training as 25 years ago, whereas electronics and the computer processing of images should be significant subjects in the curriculum.

The changeover to electronics may be slow to occur in photographic training, but in film schools—faced with the growth of television and video—it is inescapable. This point was underlined for me last week when I made a return visit to the London International Film School, an independently run establishment in Covent Garden which has struggled from one crisis to the next but manages always to survive.

Housed in an old banana warehouse, the LIFS provides gloomy evidence of financial problems, but is, I suspect, the kind of makeshift environment which is liable to bring the best out of some students. The relatively new television department is, predictably, equipped with three broadcast cameras that a kindly ITV company considered would do more good here than in a museum.

My visit to the school on this occasion was really arranged to show me a graduate's video programme. Made by a South African, Eileen Thorns, it is a simple but moving account of nursing work in St Augustine's Hospital, Canterbury, which looks after mental patients.

But the more immediate problems of the school distracted me, coping as it does with anything from 100 to nearly 200 students (90 per cent from abroad) on a mounting deficit budget.

Now that the British Council has closed its own London television studio—a superbly equipped centre set up to train Third World broadcasting staff the LIFS could have an important role to play. If Britain cares about its reputation abroad, there could be few better and easier ways to preserve this than to help in training the next generation of media people who will interpret and spread the news.

The money supply in this sector of the UK is not, however, surging. In the past few week's the British Film Institute has started to release details of its own fund-raising campaigns. In this case not merely for survival of staff and chattels, but the preservation of film history.

A campaign to seek industrial sponsorship of collections in the National Film Archive (run by the BFI) is soon to be launched to try and win the race against chemical decay. Some 170m ft of film in the archive is on obsolete cellulose nitrate stock, which slowly disintegrates and becomes an inflammable mass. The campaign will be seeking sponsorship to transfer more of this vast collection on to safe and stable cellulose acetate.

Meanwhile, the BFI is already well advanced in another fund-raising scheme to pay for the building of a Museum of the Moving Image on London's South Bank. This ambitious project, costing £4½m, will chronicle in a working environment the entire story of image reproduction—from the Chinese shadowgraph, through photography to cinematography, television, video and future electronic systems.

The museum plan was announced by Prince Charles, Patron of the BFI, at the opening of the London Film Festival earlier this month—with news that Sir Yue-Kong Pao has already contributed £1m and the Garfield Weston Foundation another £½m.

It might make the LFS drool, but our media heritage will be important to future generations of students, especially when photo-chemical processes join the museum.

Safer and cheaper tunnelling

BY ALAN CANE

A TECHNIQUE developed in the hard rock mines of South Africa which makes it possible to reinforce suspect tunnel sides more safely and cheaply, is attracting attention from the National Coal Board.

The technique, developed by the South African subsidiary of Fosroc Construction Chemicals, part of the Foseco Minsep group, has had "limited approval" (safe for use underground) from the NCB for use in any Board colliery since the end of last year.

It is already being used in 50 pits including Blidworth in South Yorkshire, which has a serious strata stability problem.

It is a modification of the traditional method of securing potential unstable layers of rock through which the mine runs in that danger period before steel pit props or steel arches can be positioned to make the tunnel secure. It is also used to secure a rock face before cutting.

The NCB indicated this week that the Fosroc solution was one of three developments it was evaluating to move away from polyester based capsules. The others were LH/10, LH/20 from Celtite Selfix and Semicron 2000 from Commercial Plastics.

Costs were a little high, at present, the Board said, but it was determined to move towards a cement-based grout for strata reinforcement and looked forward to the widespread use of new safer techniques if its detailed approval procedures were fulfilled.

Traditionally, doubtful strata have been secured by bolting, dowelling or injection. That means a hole is bored through the layers of rock and a bolt or dowell inserted to tie the strata together. Dowell is used where the face being secured will later be cut—wood offered no resistance to the mechanical face cutters.

Bolting and dowelling techniques have been fully exploited in the last 15 years or so. These are used chiefly where rock conditions have deteriorated so much that safety and production are threatened.

A major development was the polyester resin capsule to provide the essential fixing material surrounding the bolt or dowel inside the bore hole (there is an exact analogy with the use of "Rawlplugs" in do-it-yourself projects).

The capsule contains resin and hardener. Mixed by forcing the bolt or dowel through, this technique provides great strength very quickly.

But there are disadvantages. They contain petroleum-based substances and are inflammable. As such, they have to be handled with great care underground. Furthermore, unless time is really of the essence, they can prove expensive.

One alternative is to pump in a cement mix; pumping machinery, however, is expensive, requires maintenance, and control of the cement mixing underground is tricky.

Fosroc's answer is a dry cement sausage. Called Conbextra, it is a dry cementitious powder.

The operator simply dunks the cement sausage in water for a prescribed time then rams it into the bore hole. When full, the bolt or dowel can be driven down the length of the hole using a hand drill.

Conbextra capsules cannot match resin capsule for speedy setting, but as long as the rock is not falling around your ears, the performance is adequate.

In recent tests, using a hole 40mm in diameter and 1,800mm in depth, after two hours setting time, a load of two tons pulled the bolt out of the capsule. After 10 hours, a load of 17 tons broke the bolt.

Conbextra capsules are cheap compared with polyester resin (the price ratio is roughly 1:2) and because no inflammable materials are involved, basically safe.

Fosroc manufactures the capsules in the UK, Japan and South Africa for their markets. More on 0525 373773.

Beasts of the field help the Swedish environment

BY MAX COMMANDER

ABOUT 1,200 of this porker's Swedish brothers should be providing energy next year

WITH THE submarine scare over, Sweden may take pride of place in the Western World with its biogas process which is a help to the environment, useful for fertiliser and offers a form of energy.

In August 1980 a farm at Viken near Falkoping started to process the manure from a herd of 200 cows. Such was the success of the plant that from early next year the plant will handle the entire output of a herd of 350.

In a six-week period the plant's output was 19.5m' of biogas with between 60 and 65 per cent methane.

Encouraged by the results, a second farm at Ludvika started processing manure from 80 bullocks last August and a further plant to process droppings from 1,200 pigs should be in operation later this year.

Sources say that depending on the type of manure, the climate and existing energy prices payback periods of between three and five years would appear to be realistic.

Abetong-Sabema says that after four years of research and development it is ready to seek marketing arrangements in "all developed countries."

It offers a range of standard biogas reactors with control, safety and heating systems for manure inputs from four to 32m'/day.

The plants can be produced in Sweden or manufactured under licence with the local partner responsible for installation, ancillary tanks, pipework, etc.

The plants turn the manure into environmentally acceptable "clean products." The biogas consists of 60-65 per cent methane and 30 to 40 per cent carbon dioxide. This can be burned as a fuel or to generate electricity.

The second product is a semi-liquid residue which is said to be rich in protein, inoffensive in smell, and can be used as a general fertliser.

The plant at Viken ran experimentally for two years but since August of last year has been operating as a working plant. Manure is pumped from the cowshed into a 20m' chamber near the reactor and heats to 55degC by circulation through a heat exchanger.

From the heat exchanger it passes to the main 240m' processing chamber, where it is continuously agitated. The biogas given off is compressed and stored then burned in a Fiat Totem engine which generates electricity and produces hot water for heating.

Abetong Sabema has an office in Brussels at Avenue Louise 489, B-1050 Brussels. Tel. 02 640 3525.

Product co-operation

PLESSEY SEMICONDUCTORS is to become a second manufacturing source, for supply on a world-wide basis, of a number of products made by the U.S.-based company General Instruments. In addition, the two companies will co-operate on future product developments.

One of the products is GI's family of single chip eight bit microcomputers called PIC. This is a major element in the television tuning systems produced by both the companies; it is also a flexible controller on GI's Teleview system for teletext and viewdata.

In fact, Plessey will second source the entire Teleview chip set and will develop a new integrated circuit for cleaning up and preparing the signals from a TV tuner.

The idea is to reduce system costs, important since cost to the end user of viewdata is seen as one of the most important restraints to greater use by the general public.

Further aims are to enhance graphics ability and ensure compatibility with international television based data systems.

Electronics merger

PLANS FOR Burndept Electronics of Erith and Dymar Electronics of Watford to merge are expected to be completed in the new year.

Dymar's strength is in vehicle mobile sets and in amplitude modulation technology, while Burndept has specialised in uhf/fm personal radios and in systems engineering through its subsidiary Burndept Cyfa.

The grouping is expected to be able to compete better with other companies in the field, many of which are foreign owned.

Burndept, which also has a substantial export business for its search and rescue beacon products, is one of the larger companies in the portfolio of Grosvenor Development Capital, the investment company formed earlier this year by the British Technology Group.

THE MANAGEMENT PAGE

Slow take-off for start up scheme

SERIOUS DOUBTS are now being raised about the early success of the Government's Business Start-Up scheme, the provisions of which allow private investors to obtain tax relief on share capital subscribed in new companies; although some observers argue that since the scheme was only introduced in this year's Finance Act, it is too early to gauge the response.

There is, however, already enough evidence to draw the *following conclusions*:

- Accountancy firms, stockbrokers and other financial institutions have spent much time and energy analysing the small print, but there is little sign that their clients are responding with enthusiasm.
- The major problem seems to be Inland Revenue-inspired anti-avoidance restrictions which were modified during the committee stage of the Finance Bill. Experts feel some of these are still too severe.
- Three unitised funds have been launched to take advantage of the scheme but the indifferent reaction from investors may be discouraging others to come forward.

The moment the Business Start-Up Scheme was announced it was clear that the major hurdle for interested investors would be in finding a suitable company.

Stockbrokers, accountants, insurance brokers and banks (all of which tend to have wealthy clients and capital hungry business customers) were the obvious institutions to help.

The clearing banks have been studying the possibilities and at least one of them, Barclays, is actively considering a joint initiative with a leading firm of accountants.

Accountants and some of the bigger insurance brokers have been busy educating clients and drawing attention to the scheme's attractions.

All, however, have to be careful not to take too positive a role. As David Tallon, a partner with accountants Dearden Farrow points out, "a professional adviser who seeks to introduce client A, with a new business, to client B, who has money to invest, would expose himself to considerable professional risks unless he is very confident of the individuals concerned." Put more bluntly, if the "target" company collapses, the adviser is going to get the blame.

The most visible and active response so far has been the launch of the Basildon Fund (sponsored by stockbrokers Laurence Prust), Electra Risk Capital (a subsidiary of Electra Investment Trust) and Mercia Venture Capital, a Midlands fund which was put together by Jim Hearnshaw, former chairman of John Folkes Hefo.

Basildon and Mercia are relative tiddlers. The former, which was the first investment fund launched to take advantage of the start-up scheme, recently confirmed that it has received just over £1m. Mercia, which is the first fund to be set up via local initiative, has an even more modest target of £0.5m. In contrast, Electra, which was hoping for as much as £15m, only pulled in £8.6m.

Claw back

Rumours that a number of similar funds were waiting to be unwrapped have been going round the City in the past few days but the Department of Trade, which has to vet prospectuses, reports that only one more is at an advanced stage.

Most observers agree that the success of the Business Start-Up Scheme will depend not on funds but on a large number of local initiatives.

Professional advisers, however, point out that there are still significant limitations to the scheme in its present form. In particular, there are provisions in the legislation which enable the Inland Revenue to claw back tax relief from the investor if at a subsequent stage the company breaks one of the conditions. Such a penalty, it is argued, is not the best way of encouraging people to take risks.

Another criticism is that the maximum limit is £10,000 ("artificially low," as one observer put it) and that those participating in management "buy outs" are excluded.

If, on the other hand, the Government acts to ease current restrictions in future, it will have to weigh up probable allegations of a "tax avoider's charter" from the opposition benches.

How the scheme works

- **For tax purposes, taxpayers (husband and wife count as one) can offset against income the whole of the capital cost of buying shares in a "start up."**
- **The minimum "qualifying" investment is £500, the maximum £10,000. (Thus the net cost of putting up £2,000 would only be £1,000 if the individual pays tax at 50 per cent).**
- **Shares must be fully paid up and in a company where not more than 50 per cent of equity is held by those claiming relief and not more than 30 per cent is controlled by one person.**
- **"Qualifying" businesses must have started up within previous five years and must trade within 12 months of shares being issued.**
- **"Hobby" businesses are excluded as well as a number of others, including any substantially involved in dealing in commodities, shares, land, banking, insurance, money lending and other financial activities.**
- **Investors must be resident in the UK throughout the tax year in which shares are issued.**
- **Relief cannot be claimed until after the end of that year or, if later, until the company has carried on its business for 12 months.**
- **Shares must be retained for at least five years to avoid the possibility of relief being withdrawn.**
- **Relief is obtainable by investing in an approved unitised fund (see text). These are not, however, authorised unit trusts and the statutory safeguards for that type of investment do not apply.**
- **Close associates and paid directors cannot participate under the scheme. "Associates" include all lineal descendants and ancestors of the individual setting up. But brothers and sisters, aunts and uncles, nephews and neices and cousins should be able to claim relief unless otherwise barred.**

ICFC sets up a clearing house

WHILE so many people are apparently hanging back from active participation in the Business Start Up Scheme, the Industrial and Commercial Finance Corporation (ICFC) has come up with an imaginative contribution.

Robert Smith, ICFC's assistant general manager, is busy formulating a new system which will allow individuals with both money *and* management expertise to purchase equity in companies which ICFC will root out and — just as importantly—support.

"The big problem," claims Smith, "is not money but management *skills*, which are often lacking in a small business. What we want to do is try and develop contacts between local people who can put up more than just cash and companies which are weak in a particular skill. We do not, I would stress, want the rich dentist but somebody who can advise on, say, marketing or technical problems and play a continuing role in the business."

ICFC, which makes 1,000 loans or equity investments each year, has always prided itself on not interfering with the management of the companies it backs.

Smith, however, has noticed an increasing willingness among customers to ask for advice and ICFC has, in the right circumstances, been encouraging the appointment of non-executive directors.

With ICFC's start-up initiative Smith wants to broaden the range of consultants who could in future receive their remuneration (and incentive) from a stake in the business.

ICFC says it will not keep a national register but names and addresses will be kept by its 18 area offices.

There are still one or two technical details to sort out and personality clashes may prevent what might have otherwise been fruitful "marriages." But if ICFC can get this to work, investors have an opportunity to put money into companies which they know a major and experienced institution is also supporting.

Risk capital bandwagon rolls on

A NEW £5.125m venture capital fund has been launched in the UK by Alan Patricof Associates, a major U.S. venture capital organisation. The new fund, whose shareholders include one U.S. and three UK insurance companies plus several UK pension funds, will be based in Jersey for tax purposes but will be investing the bulk of its money in the equity of emerging UK companies. Its total size is expected to be £10m after a second closing, provisionally scheduled for the end of next month.

APA Venture Capital Fund is the latest example of U.S. style venture capitalism to arrive in the UK. High risk investment with little collateral and close management involvement are key features of this transatlantic approach which has been adopted by recent UK vehicles like Advent Technology and Venture Founders.

"We will be partners in the firms in which we invest rather than lenders to them," explains Ronald Cohen, managing director of Alan Patricof Associates. "We are interested in investing in a broad range of industries with high growth potential, and we are already considering a number of investment proposals."

Alan Patricof Associates was founded in 1970 and joined forces in 1977 with Multinational Management Group (MMG), a company which concentrates on corporate finance work and consultancy. The combined group's London office has until now been largely concerned with this sort of activity but Cohen has been sufficiently excited by the changing political attitude to new business to set up the new fund.

For connoisseurs of unusual shareholding structures, APA Capital Fund has two classes of equity—"A" and "B" shares. The A shares are entitled to all the capital appreciation up to three times the original sum invested, at which point they are self-liquidating. (The fund will in any case be wound up after 10 years.) The B shares take all gains above this threshold. Cohen and his colleagues have stumped up more than £130,000 for 25 per cent of this class of the capital.

BY CHRISTOPHER LORENZ

SUGGESTION SCHEMES

The do's and don'ts of implementation

BY NICHOLAS LESLIE

AS COMPANIES strive for greater efficiency in the face of economic recession and intensified competition, many are turning their backs on a tried, but not always trusted, management tool — the suggestion scheme.

Suggestion schemes may seem a little old *fashioned* in the shadow of more recent innovations in the field of worker involvement — particularly quality circles, which contain small groups of employees who are given special training in the techniques of analysing and resolving problems.

But individual suggestion schemes—in which, unlike most quality circles, the employee is paid for successful proposals—can still play a useful part in the drive to winkle out inefficiency and bad practices. In some cases they produce savings running into tens of millions of dollars, according to a new study published by the British Institute of Management.*

But as with any corporate system, the report emphasises repeatedly, there is a right and a wrong way to set about implementing a scheme.

Put simply, if you want to achieve any savings, you have to invest money in them; and that does not mean simply the cash awards for suggestions from employees that are accepted by management.

It also implies putting serious thought into what type of scheme is appropriate for the company concerned. Clear parameters need to be established about what is acceptable as a suggestion: how it should be administered and by whom; how the level of award should be determined; and who should be eligible for awards and who should not.

Equally, it should be clearly established how suggestions should be rejected: a totally negative response, or the complete lack of one—an all-too-frequent failing—is a sure way of killing enthusiasm for a scheme stone dead.

A great mistake is to expect too much from a scheme in the first year of its implementation, says the study. Benefits from an adopted scheme are often spread over several years, with three years' savings representing an average figure.

After providing for administrative costs as well as awards, most schemes generate a return of two to eight times the running cost, according to Professor Vincent Reuter, professor of management studies of Arizona University, who has studied the economics of suggested plans.

Several examples of savings are cited by Paul Slee Smith, the author of the BIM book. Firestone Company achieved record savings of $3.9m in 1979, having adopted in that year 7,766 of a total 42,395 suggestions. In the U.S. armed forces, the army suggested benefits which exceeded $35m in 1979, the air force over $20m and the navy $10m.

Equitable

Slee Smith says that awards, which vary substantially from company to company and country to country, are most equitable when based on an agreed percentage of savings. The majority of companies set a top limit as well—Ford Motor, for example, will not pay more than £1,000 cash, plus a new Escort for one suggestion. Among the highest awards have been $47,800 by Eastman Kodak and $75,000 by IBM.

Eligibility for awards also varies widely. Some companies, like ICI and Pilkington Brothers, only allow weekly and hourly paid employees to compete. Others embrace salaried staff on certain conditions. Most exclude employees at managerial levels.

The book lays great stress on the need to have "an identified, knowledgeable person responsible for running the scheme," and backs up this assertion by saying that experience "tends to show that suggestion systems with full time administrators have a far better chance of survival than those run by part-time employees."

Strong management support for a scheme is equally "essential," it is argued. Lack of interest at the top eventually gets reflected in a dwindling participation rate and a lower quality of suggestions.

**Employee Suggestion Schemes. British Institute of Management, Management House, Parker Street, London WC2B 5PT, price £6.50, or £5.20 for BIM member.*

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Arrest of charterer's ship

THE NEPTUNIA

Court of Appeal (Lord Justice Stephenson, Lord Justice Donaldson and Sir David Cairns): November 18 1981

WHERE A shipowner proceeds against a charterer for hire charges due in respect of a chartered ship, the fact that the charterer is not a demise charterer will not prevent the owner from obtaining an order for the arrest of a ship owned by the charterer.

The Court of Appeal (Lord Justice Donaldson dissenting) so held when allowing an ex parte appeal by the plaintiffs, owners of the ship Neptunia, from a decision of Mr Justice Sheen in the Admiralty Court upholding the Admiralty Registrar's refusal to order the arrest of the Span Terza, a ship owned by defendants to the plaintiffs' claim for hire arising out of a charterparty in respect of the Neptunia.

* * *

Section 1 of the Administration of Justice Act 1956 provides: "(1) The Admiralty jurisdiction of the High Court shall be . . . jurisdiction to hear and determine . . . (h) any claim arising out of any agreement relating to the . . . hire of a ship." Section 3(4) provides: ". . . Where the person who would be liable on the claim in an action in *personam* was, when the cause of action arose, the owner or charterer of, or in possession or in control of, the ship, the Admiralty jurisdiction . . . may . . . be invoked by an action *in rem* against—(a) that ship, if . . . it is beneficially owned . . . by that person; or (b) any other ship which . . . is beneficially owned as aforesaid."

Article 3 of the International Convention Relating to the Arrest of Seagoing Ships, signed at Brussels on May 10, 1952, provides: "(1) . . . a claimant may arrest either the particular ship *in respect of which the maritime* claim arose, or any other ship which is owned by the person who was . . . the owner of the particular ship . . . (4) When in the case of a charter by demise of a ship the charterer . . . is liable in respect of a maritime claim relating to that ship, the claimant may arrest such ship or any other ship in the ownership of the charterer by demise. . . . The provisions of this paragraph shall apply to any case in which a person other than the registered owner of a ship is liable in respect of a maritime claim relating to that ship."

*

SIR DAVID CAIRNS said that the plaintiffs, who were the owners of the Neptunia, issued a writ *in rem* against the defendants as owners of the Span Terza, in a claim for hire charges due under a time charter of the Neptunia to the defendants. By that writ the plaintiffs sought an order for the arrest of the Span Terza which stood in the Mersey, and which might sail away at any moment.

Mr Sumption, for the plaintiffs, submitted that the claim arose under section 1 (1) (h) of the Administration of Justice Act 1956, *and that an action in rem* was therefore appropriate under section 3. On a literal construction of the Act that was an inescapable conclusion. The claim arose out of an agreement "relating to the . . . hire of a ship." The defendants were "the person who would be liable . . . *in personam*" on the claim. They were "charterers" of the *ship, and they were the beneficial* owners of "any other ship," namely the Span Terza.

The only way of escaping from that interpretation was to construe "charterer" in the context of "owner or charterer of, or in possession or in control of, the ship," in section 3 (4), as meaning a demise charterer. That was a type of charterer who had *possession or control of the ship* and was in that sense similar to an owner.

It was impossible to construe the statute in that way. If "charterer" meant "demise charterer," then of course one would have expected "demise" to have been inserted before "charterer." Alternatively, "charterer" could have been omitted altogether, because a demise charterer would have been included in "person . . . in possession or in control of, the ship."

In *The Eschersheim [1976] 1 WLR 430* Lord Diplock said at page 439, ". . . the right to arrest conferred by section 3 (4) is confined to the ship in connection with which the claim arose (or a sister ship)." The Span Terza was not a sister ship of the ship in connection with which the claim arose, namely the Neptunia. However, Lord Diplock's comments were obiter and therefore not binding. The issue in *The Eschersheim* was not the same as in the present case and Lord Diplock was addressing his mind to a different problem.

In *The Maritime Trader [1981] 2 Lloyd's Rep 154* it was held *that the only vessels* which might be arrested were the particular ship in respect of which the maritime claim arose, and any other ship in the same ownership, i.e., a sister ship. In that case Mr Justice Sheen reluctantly felt bound to follow *The Eschersheim*, but the part by which he felt bound must have been Lord Diplock's obiter dictum, because that was the only relevant part of the case.

The provisions of the Act had been enacted in pursuance of the International Convention Relating to the Arrest of Seagoing Ships. Article 3 of the Convention, relating to the types of ship which might be arrested, referred to a charterer by demise. However, the wording of the final sentence to article 3, at the end of paragraph 4, *seemed far wider* then the wording of section 3(4) of the Act, because there were no words of limitation to describe any such person as a charterer. The Convention was therefore of no assistance and it was preferable to abide by a strict interpretation of the Act. His Lordship would allow the appeal.

LORD JUSTICE STEPHENSON agreed.

*

LORD JUSTICE DONALDSON, dissenting, said that there were quite a number of forms of charterer. There was a voyage charterer, a time charterer, a consecutive voyage charterer, and no doubt several other varieties. They all fell into one category, namely that they contracted for the services of a ship *with a crew which was run and* managed by the owner, or by someone in the position of owner. In addition, there was a very special form of charterer, namely a demise charterer, who had nothing whatsoever in common with any other form, and who was for most practical purposes the owner of the ship.

In the context of "owner or charterer of, or in possession or in control of, the ship" in section 3(4), the proper construction of "charterer" was to confine it to somebody who was an owner type of charterer—in other words, a demise charterer. Some support was to be found for that in the Convention. The use of "charter by demise" in paragraph 4 of article 3 indicated that the power of arrest in paragraph 1 extended only to a quasi-owner, such as a demise charterer. That extraordinary sentence at the end of paragraph 4 was not authority to extend the meaning of "charterer" beyond "demise charterer." His Lordship would dismiss the appeal.

For the plaintiffs: Jonathan Sumption (Ince and Company).

By Rachel Davies
Barrister

RACING

BY DOMINIC WIGAN

ONE of Britain's most successful trainers, Peter Cazalet, is again remembered today with the Peter Cazalet Memorial Challenge Trophy at Plumpton.

The Queen Mother, Cazalet's *principal patron for many years* and a frequent visitor to his Fairlawne home and stables is, sadly, without a representative. However, the three miles one furlong event is not without interest since Pine Brook will attempt to give weight to course winners, Brown Jock, Physicist and Abo.

Pine Brook, the six-length conqueror of Siberian Sun and Breemount Don at Newbury a year ago before he chased home Friendly Alliance in Cheltenham's Grand Annual Handicap, gave indications of a welcome return to form recently, following six unplaced runs, with a good effort at Lingfield. A 7-2 chance for the two miles Findon Handicap, Pine Brook was putting in his best work at the finish where he had overhauled all but the favourite, Galilen, to whom he was trying to concede 9 lbs.

If today's far more searching test of stamina brings out the best in Pine Brook, a return to the winner's enclosure should be forthcoming.

Full Sutton and Hipparion promise to provide spectators with a closely fought affair for the Moussec Wines Novices Chase. Full Sutton did all that was asked of him in beating *Rusthall by 10 lengths at* Windsor on November 14, but he might not be quite good enough to follow up as he attempts to concede 5 lbs to Hipparion.

Hipparion was off the course all last season. He returned on a highly encouraging note at Chepstow early this month when he finished a close third behind Quarto and Royal Friend in a two miles event after forfeiting a winning chance when pecking badly at the last. This afternoon's additional three furlongs will suit Hipparion better than most. He appeals as a sound bet.

The day's other sound bet is More Pleasure among the runners for Southwell's Sunderland Handicap Chase. More Pleasure revels in the mud. He looks handicapped to take advantage of 10 st 2 lbs in this event provided that his sometimes sketchy jumping does not let him down.

PLUMPTON
1.00—Derring Prince
1.30—White Heron
2.30—Hipparion**
3.00—Pine Brook

SOUTHWELL
1.45—More Pleasure***
2.15—Mizzenhead
3.15—Tenquin*

TELEVISION

Chris Dunkley: Tonight's Choice

Given that Sebastian Coe could beat me over a mile by about 2½ minutes, should the state force him to race in lead boots just to give me a chance? In order to provide "equal opportunity" for all schoolchildren should the very clever, the average, and the dim be mixed up by the state and forced to work at the rate of the slowest? Should we spend disproportionately large amounts of public money on providing facilities to give "equal rights" to the disabled?

This is not just rhetoric but a few of the sort of questions which I hope, though not very optimistically, may be asked in two of tonight's programmes. A Question Of Equality on BBC2 is the first in a series about British education presented by Patrick Nuttgens of Leeds Polytechnic. Eric Midwinter argues that social class is still all-important and that our system has failed to produce equality of opportunity. In We Won't Go Away on ITV Rosalie Wilkins reports on the way that the law has been used in the U.S. to improve the rights of the disabled.

Arena on BBC2 looks at two utterly dissimilar magazines: Radio Times which is the subject of a current design exhibition at the V and A, and Private Eye.

BBC 1

9.05 am For Schools, Colleges. 12.30 pm News After Noon. 1.00 Pebble Mill At One. 1.45 Over The Moon. 2.00 You And Me. 2.14-3.00 For Schools, Colleges. 3.25 O Dro I Dro. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Undercover Elephant. 4.25 Jackanory. 4.40 The Drak Pack. 5.00 John Craven's Newsround. 5.05 Screen Test. 5.35 The Amazing Adventures of Morph.

5.40 News.
6.00 Nationwide (London and South-East only).
6.25 Nationwide.
6.50 Barbara's World of Horses and Ponies.
7.15 Angels.
7.40 The Rockford Files.
8.30 Yes Minister, starring Paul Eddington, Nigel Hawthorne with Derek Fowlds.
9.00 News.
9.35 Play For Today: "Iris In The Traffic, Ruby In The Bath," by Stewart Parker.
10.30 Norman St. John-Stevas In Conversation with Their Graces the Duke and Duchess of Devonshire.
11.00 Kojak, starring Telly Savalas.
11.50-11.55 News Headlines.

BBC 2

11.00 am Play School.
3.55 pm Antiques Roadshow.
4.35 Everybody's Doin' It.
4.55 In Search Of . . . Alfred The Great.
5.35 The Five Faces of Doctor Who.
6.00 Grange Hill.
6.25 The Waltons.
7.10 News Summary.
7.15 A Question of Equality.
8.00 Top Gear.
8.30 Russell Harty and guests.
9.00 The Last Song.
9.30 Your Life In Their Hands.
10.00 Arena.
10.45-11.35 Newsnight.

LONDON

9.35 am Schools Programmes. 12.00 Rod, Jane and Freddy. 12.10 pm Pipkins. 12.30 The Sullivans. 1.00 News plus FT Index. 1.20 Thames News with Robin Houston. 1.30 Armchair Thriller. 2.00 After Noon Plus presented by Mavis Nicholson. 2.45 Heartland. 3.45 Emmerdale Farm. 4.15 Daffy Duck. 4.20 Get It Together. 4.45 Ace Reports. 5.15 The Gaffer.
5.45 News.
6.00 Thames News with Andrew Gardner and Rita Carter.
6.20 Help! with Viv Taylor Gee.
6.30 Crossroads.
6.55 Reporting London: Denis Tuohy presents another edition of this topical magazine, covering the issues that matter to the people living in London and the South-East.
7.30 Give Us A Clue: Host Michael Aspel with captains Una Stubbs and Lionel Blair.
8.00 Rising Damp.
8.30 It Takes A Worried Man.
9.00 Brideshead Revisited.
10.00 News.
10.30 We Won't Go Away.
11.30 Paris.
12.25 am Close: Sit Up And Listen with John Julius Norwich.

† Indicates programme in black and white

All IBA Regions as London except at the following times:

ANGLIA
12.30 pm Gardening Today. 1.20 Anglia News. 6.00 About Anglia. 7.00 Bygones. 11.30 *The New Avengers.* 12.30 am The Church and the Dragon.

ATV
12.30 pm Gardening Today. 1.20 ATV News. 5.15 *Mork and Mindy.* 6.00 ATV News. 6.05 Crossroads. 6.30 ATV Today. 11.30 ATV News. 11.35 Barney Miller. 12.05 am Something Different.

BORDER
1.20 pm Border News. 5.15 Mork and Mindy. 6.00 Lookaround Tuesday. 7.00 The Gaffer. 11.30 Border News Summary.

CHANNEL
12.30 pm Gardening Today. 1.20 Channel Lunchtime News, What's On Where and Weather. 6.00 Channel Report. 7.00 Survival. 10.28 Channel Late News. 11.30 A New Kind of Family. 12.00 Commentaires et Previsions Meteorologiques.

GRAMPIAN
9.30 am First Thing. 12.30 pm Gardening Today. 1.20 North News. 6.00 North Tonight. 7.00 Diff'rent Strokes. 11.30 The Monte Carlo Show. 12.30 am North Headlines.

GRANADA
1.20 pm Granada Reports. 5.15 Diff'rent Strokes. 6.00 Granada Reports. 6.25 This Is Your Right. 7.00 The Gaffer. 11.30 Lou Grant.

HTV
12.30 pm Gardening Today. 1.20 HTV News. 5.10 As Oscar! 5.20 Crossroads. 6.00 Report West. 6.30 Islands of the Severn. 7.00 The Gaffer. 10.28 HTV News. 11.30 *The Medicine Men.*
HTV Cymru/Wales—As HTV West except: 9.35-9.50 am Am Gymru. 10.15-10.30 Y Byd A'i Bethau. 11.39-11.54 About Wales. 12.00-12.10 pm Y Llysiau Lion. 4.15-4.45 Camigam. 5.10-5.20 Speedy Gonzales. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.30 Gorau Gwarin. 11.15 World In Action. 11.45-12.15 am Benson.

SCOTTISH
12.30 pm Gardening Today. 1.20 News and Road and Weather. 5.15 Tales of Crime. 5.20 Crossroads. 6.00 Scotland Today. 6.20 Job Spot. 6.30 What's Your Problem? 7.00 Take The High Road. 7.30 Marie Gordon Price In Concert. 11.30 Late Call. 11.35 Going Out. 12.05 am International Bowls.

SOUTHERN
1.20 pm Southern News. 5.15 Dick Tracy Cartoon. 5.20 Crossroads. 6.00 Day By Day. 6.30 Survival. 7.00 The Gaffer. 11.30 A New Kind of Family.

TYNE TEES
9.25 am The Good Word. 9.30 North-East News. 1.20 pm North-East News and Lookaround. 5.15 Survival. 6.00 North-East News. 6.02 Crossroads. 6.25 Northern Life. 7.00 The Gaffer. 10.30 North-East News. 11.30 Going Out. 12.00 The Three Faces Of God.

ULSTER
1.20 pm Lunchtime. 4.13 Ulster News. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 7.00 The Gaffer. 7.30 Country Style. 10.29 Ulster Weather. 11.30 Bedtime.

WESTWARD
12.27 pm Gus Honeybun's Birthdays. 12.30 Gardening Today. 1.20 Westward News Headlines. 6.00 Westward Diary. 7.00 Mark It. 10.32 Westward Late News. 11.30 A New Kind of Family. 12.00 Faith For Life. 12.05 am West Country Weather and Shipping Forecast.

YORKSHIRE
12.30 pm *Paint Along With Nancy.* 1.20 Calendar News. 3.45 Calendar At Your Service. 4.45 Ace Reports. 5.15 Emmerdale Farm. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 The Gaffer. 11.30 Roots.

RADIO

(S) Stereophonic broadcast
‡Medium wave

RADIO 1
5.00 am As Radio 2. 7.00 *Mike Read.* 9.00 Simon Bates. 11.30 Dave Lee Travis. 2.0 pm Paul Burnett. 3.30 Steve Wright. 5.00 Peter Powell. 7.00 Talkabout. 8.00 David Jensen. 10.00-12.00 John Peel (S).
VHF Radios 1 and 2: 5.00 am With Radio 2. 8.00 pm Hubert Gregg. 9.00 Listen to the Band. 9.30 The Organist Entertains. 9.55 Sports Desk. 10.00 With Radio 1. 12.00-5.00 am With Radio 2.

RADIO 2
5.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.03 pm John Dunn (S). 2.00 Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News; Sport. 6.00 Don Durbridge (S). 8.00 Boxing Special. 10.00 (approx.) Bob Monkhouse at the Variety Club. 11.00 (approx.) Brian Matthew with Round Midnight. 1.00 am Truckers' Hour (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3
6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (cont.) 9.00 News. 9.05 This Week's Composer: Malcolm Williamson (S). 10.00 Maurice Hasson violin and piano recital (S). 10.50 Philip Jones Brass *Ensemble (S). 11.30 The Lied Before* Schubert (S). 12.15 pm Midday Concert, part 1: Weber (S). 1.00 News. 1.05 Six Continents. 1.25 Midday Concert, part 2: Sullivan (S). 2.05 Johannes Ockeghem (S). 2.40 Rubbra and Brahms (S). 3.40 Bach Harpsichord Music (S). 4.25 Jazz Today (S). 4.55 News. 5.00 Mainly for Pleasure (S). 7.00 Music of Dalmatia (S). 7.30 "The Childhood of Christ," Berlioz's trilogy from the Philharmonic Hall, Liverpool, part 1 (S). 8.10 An English Pelleas? 8.30 "The Childhood of Christ," parts 2 and 3 (S). 9.40 The Price of Victory. 11.00 News. 11.05-11.15 Guido Cantelli conducts Ravel.

RADIO 4
6.00 am News Briefing. 6.10 Farming *Today. 6.25 Shipping forecast.* 6.30 Today. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.02 From Our Own Correspondent. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Thirty-Minute Theatre. 11.35 Wildlife. 12.00 News. 12.02 pm You and Yours. 12.27 Lord Peter Wimsey. 12.55 Weather; Programme News. 1.00 The World at One. 1.35 A Party Political Broadcast by the Labour Party. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Uncle Silas by Sheridan LeFanu (S). 4.00 Letter from a Hute Bedroom. 4.15 Two Poets (S). 4.40 Story Time. 5.00 PM: News magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Top of the Form. 7.00 News. 7.05 The Archers. 7.20 Medicine Now. 7.50 The Seaside in Autumn. 8.20 The Cutting Edge. 9.00 In Touch (magazine for the blind). 9.15 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Wyndle (S). 11.00 A Book at Bedtime: "The Poor Mouth" by Flann O'Brien. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

THE ARTS

ish Museum

The power of Goya by ROY STRONG

until now I have steered of Goya's prints. The a is a very simple one: dice. I have always a that to be really drawn them, to respond even to tion of the hypnotic power l leave one mentally and onally annihilated. They *Goya's Prints* at the h Museum is such an tience. It cannot be looked a detached aesthetic dis- on of a past long gone. essage is eternal.

folies are our follies, the ty and injustice are ours, o the heart-rending scenes arvation, mutilation, vio- and death. And all through re haunted by the ghostly of Truth, mysterious yet nt, forever betrayed but sed, encircled by demons. hope that never comes. We ere at the heart of a rich tion, that of European al thought as it has flowed from the humanists of the ssance awakening to our day.

e initial impression of the ition is, however, glacial, of those where one's first ion is how ever is one to through the acres of n mounts, the serried ranks rints all arranged at eye with deadly monotony, all ingly the same size with same neat little labels. Do retreat. After the momen- dulness of an early work wo the eye focuses on to thing of such extraordinary nality that from then on- is such points become irre- nt as one's eye and mind yes, the passions are moved one overwhelming image another.

o reproduction of a Goya t can ever do justice to e breathtaking originals. r subtlety in the use of the ing and acquatint tech- e. Even in the tamest, his ts after masterpieces by squez, Goya's interpretative ers transform the painted inal into a wholly new k of art, more faithful by experimentation with the dium, not to the letter of the ginal, but to its tonality and od.

But to return to that earliest tement which struck me with h overwhelming force; *The rotted man*. A gentleman ninal in the robe of a peni- , his dead hands tied to- ier clutching a crucifix, his extended, sits with his encircled by the iron ring has just strangled him. To left a large candle flicker- e gloom. It is a terrible cinatory image worthy of r Allan Poe.

o is the man, what was his ? Was he a victim of the ression of the Enlighten- ment? He is presented to us as an eerie vision recalling the candlelit encounters of the School of Utrecht mingled with allusions to the martyrdom of saints in the heyday of Spain's Counter-Reformation.

In its violence of subject matter, its compassion of approach, its element of direct reportage mingled with a total elusiveness as to its exact meaning, we are in touch with the mainsprings that will take us through this encyclopaedic presentation of Goya's graphic art. We are also tapping at roots that will lead us down to a Francis Bacon or a Gerald Scarfe in our own small world.

Such a journey is not for the faint-hearted. *Los Caprichos* pours out in a torrent of the imagination a commentary on late eighteenth century Spain of immense power. But how very different from the work of a Hogarth or a Gillray. The *liberal enlightened world of* England allowed such carica- ture and satire and its imagery had no need to be covert. Goya's society was still absolutist and repressive. As a result his satires are more complicated to read because they could never be explicit. And repression pro- duces an edge unknown to Regency England. But the com- plexity of their imagery and allusion does not obscure in the least their basic message. They are material rich and ripe for art historical analysis, a quarry drawing on proverbs, the con- temporary theatre, Spanish literature, the mainstream of western European imagery as it poured down from the renais- sance in the torrent of emblem books.

All these were in Goya's mind as he conceived them but in his hands these references become superfluous. As in the case of any great artist it is his image that is definitive and not the sources. So although we can pin-point a range of visual references back to Dürer's *Melancholia* for *The sleep of reason produces monsters*, it is the latter which sticks. In an extraordinary contorted pose the artist sits cross-legged, head buried into his arms on a table, while behind him the dark monsters of absolutism, religious obscurantism and superstition rise in the form of bats and owls into the sky of the mind. In this way he intro- duces us to the second part of *Los Caprichos* which moves on from the scathing but gentler satires on lovers, arranged marriages or prostitution, to those on witchcraft, religious belief and politics, all infinitely more complex to unravel.

In sharp contrast no such ambiguity hangs over *The Horrors of War*. It is a remark- able fact that no artist since Goya has been able to produce such a devastating series of timeless images on the subject of war and famine. We live in a century that has gone through two world wars, the deliberate extermination of a people and the first use of atomic weapons and yet we have achieved nothing of comparable power to these, the fruits of a five years war, tame by comparison with those of our own age.

There is a reason for this. Surely this reflects the fact that the medium is no longer rele- vant to the message. It has been superceded by the camera. Perhaps it would be too extreme to say that the war photographs of a Don McCullin have replaced the prints of a Goya, but there is more than an element of truth in the observation. If Goya had lived today he would surely have wielded not a brush but a camera.

Ravages of War: Etching by Goya

Arts Council-backed musicals

The two Arts Council-backed musicals, *My Fair Lady* and *Oklahoma!* are back on the road after their successful and profit- able London runs.

My Fair Lady is to re-open at the Palace Theatre, Manchester, on December 17 for an eight and a half-week Christmas sea- son. Record advance bookings of £300,000 have already been taken. It will then visit Edin- burgh.

The production will then cross the Atlantic to Toronto, Canada. *Oklahoma!* has been sold to Mexico and opens there shortly.

For a comparatively modest investment, the Arts Council has benefited from the profits of both these productions' Lon- don runs and this has offset some of its guarantees for the pre-London touring. The Leicester Haymarket Theatre, which initially staged both shows in conjunction with Cameron Mackintosh, has also benefited from its share in these London productions.

) Club

The Bechet Legacy by KEVIN HENRIQUES

legacy left by Sidney t, the Creole soprano- and clarinettist who died 59, is perpetuated through any recordings and also compositions, the best of which is undoubtedly te Fleur." Additionally, memory of this veritable d of jazz is presently sustained by one of his r pupils and sidesmen Bob r who, with a four-man m section and trumpeter, nsentimentally, but with ne affection, presenting a htfully produced and well- ced programme of tunes iated with his mentor.

the midst of a short tour itain the band, titled The Bechet Legacy, landed at the 100 Club and as well as vibrantly keeping the spirit of Bechet alive proved to be an exceptionally interesting band in its own right.

Most of its members are too young to remember Bechet, even in his later years, but all bring a youthful and com- mitted enthusiasm to the master's work. None more so than the leader, at 53 the "veteran!" of the outfit who, unlike Bechet, plays the curved soprano-sax.

Though strong and fluent, Bob Wilber does not dominate the ensembles in the matchless way Bechet did with his huge, soaring vibrato. This is a plus- point for it emphasises that here is no ghost band slavishly copying ensembles and solos from Bechet's records. The tunes may be his but their in- terpretation is up-to-date without being trendy. Trumpeter Glen Zottola, with a forceful, clear tone which instantly evokes Louis Arm- strong, illustrates this. His modern harmonic conception and construction of solos brings new life to the many familiar tunes heard.

Among these on Saturday were a poignant version of "Indian Summer" by Wilber which exuded all that Bechet- like warmth and lyricism, a soulful "Roses of Picardy" (an unlikely tune, much favoured by Bechtet) and an extended and vigorous work-out on "Love for Sale" on which everyone had a chance to solo and which was propelled along forcefully, but not overbearingly, by the dynamic drumming of Butch Miles, formerly with the Basie band. The rhythm section, in which Britain's Len Skeat was bassist, contributed nobly throughout and with self-evi- dent enjoyment of each other's work.

The Bechet Legacy is in Blackpool tonight, Southport Thursday and concludes its visit on Friday at the Northwest Poly in Barking, Essex.

Bouffes du Nord, Paris

Peter Brook's Carmen

by MAX LOPPERT

Between May 1948 and November 1949, five new opera productions by Peter Brook were shown at Covent Garden—*Boris*, *Bohème*, *Figaro*, Bliss's *The Olympians*, and finally the *Salome* in designs by Dali that gave London its first important postwar operatic scandal. And that, it seemed, was that—Brook steered well clear of opera, and attempts to draw him back thereto regularly failed. But now there is the Brook *Carmen*, or rather *La Tragédie de Carmen*, "d'après Bizet, Mérimée, Meilhac et Halévy, adaptation de Marius Constant, Jean-Claude Carrière, Peter Brook," unveiled to the Press at Brook's Paris headquarters last week, and planned to run there until the end of March.

The motivating force of the adaptation was the desire to return Bizet to Mérimée: that is, to return the dramatic centre of the opera as close as possible to the succinctly reported sun-baked harshness of the original novella, inevitably diluted by Bizet's librettists Meilhac and Halevy. Brook alarmed some of us a good deal by declaring (in a recent Sunday newspaper interview) his belief that *Carmen* the literary master- piece was "the *Emanuelle* of its day." Those words, happily, proved less well judged than the production, which turns out to be dark, strikingly economical of invention, full of haunting shadows and sudden flares. It is at once near to and far from Bizet; and, in the end, its success is compromised by dis- crepancies between intention and actual raw material. But at least one of its subordinate aims—the avoidance of all the familiar opera-house tourist-Spanishry, the destruction of what one writer in the pro- gramme calls the "Monument-*Carmen*—has been accomplished with startling completeness.

In the process, a crowded, action-packed *opéra-comique* has been transformed into a chamber-opera drama of charac- ter. Six actors (four singers, two speakers) make up the entire cast, and 15 excellent instrumentalists Constant's orchestra; the chorus is re- moved, and with it the full panoply of Sevillian atmo- sphere-building that gets the opera off to its deliciously slow start. Action is in some cases re-ordered, in some altered (it is Micaela, not a cigarette-fac- tory companion of Carmen's, who gets her face slashed). The musical realisation shows a closely comparable rearrange- ment of basic units—few num- bers are given complete, several are repositioned, and in one curious invention Micaela's air develops a lower duet voice for Carmen, who repeats the words of the Card Scene. That, inci- dentally, has become the motto of the whole work: sung on a solo cello it launches the per- formance, and it returns to prefigure a final scene startingly different from, though musically related to, Bizet's.

Bizet's opera, in its authentic form, is of couse a "small-house" show, a music drama with spoken dialogue and song in intimate alternation; its in- flation over a century of un- diminshed popularity into an All-Dancing, All-Singing Spec- tacular (abetted by those Guiraud recitatives in which the big opera houses almost always choose to play it) was never its composer's doing. One thing was: *Carmen* the opera, a comedy enclosing a gradually burgeoning tragedy of terrible power, became something en- tirely different from, not less than, *Carmen* the novella.

In attempting to return the music to the exact sense of its literary origins, Brook and his fellows intermittently snap the thread of logical development which in a small-scale perform- ance of the opera still stands out as the nub of Bizet's genius. The "score" of the Brook *Carmen* is not built in care- fully contrasted musical sequences; the orchestration, far better preserved in reduc- tion than one had any right to expect, still lacks the pungency and poise—the perfection, one *Carmen*-lover insists—of the real thing. And the play suffers strange lapses. Against the stark outlines cut by the principal players, the use of subordinate characters seems strangely artificial.

But very seldom does one emerge from an opera per- formance so deeply imbued with the sense and the inter- action of those principal characters. Carmen herself is the triumph: the role, so easy to mislay amid pouts and puckers, the fatal toughness so difficult to marry to the proper attractions, emerges with marvellous sensibility and in- telligence against a background of gypsy superstition, ritual, alien moral code. Micaela, no simpering pig-tailed miss, is here a tough country woman, with notable drives and desires of her own. The first phrases of her air, floated from the back of the theatre, sent a shiver down the spine; the theatre itself, a popular music hall from the last century in magically atmospheric decad- ence (its charms have already been celebrated more than once on this page by Michael Coveney), seems to have pro- vided much of the inspiration of such a moment, in which the new fushion of Bizet and Merimée is made temporarily unbreakable. The stage is a spread of red sand, sunburnt city, harsh countryside, and bull ring in one. Visually, the evening is a constant delight.

Brook has found himself three Carmens, three Josés, and two each of Micaelas and Escamillos to share the duties of daily performance. My cast embodied to admiration the combination of dramatic and musicianly alertness needed for such a production: as Carmen Delavault, more remarkable as actress than as singer; as Micaela, Véronique Dietschy, well remembered for appear- ances during her London student days, who is maturing into an artist of rare distinc- tion. Laurence Dale, one of the three young Britons on the bills, looked too small, even perhaps too pleasant, for José, but sang steadily and truly, in well-knit tones; the bullfighter was Carl Johan Falkman.

*

The Palais Garnier is curently undergoing renvation, and the Opéra (part-sponsor of *La Tragédie de Carmen*) has found temporary lodging at the Théatre des Champs-Elysées. A less than happy one, I fear, for *Der Rosenkavalier*, revived in Ezio Frigerio's monumental, dramatically ridiculous settings—to judge, anyhow, from a per- formance under Andrew Davis in which the orchestra was subfusc and in which support- ing roles might have been taken the tall French mezzo Hélène to exemplify everything Brook has rejected about ordinarily constituted operatic realm. Frederica von Stade's Octavian, musical, cool, and uninvolved, and Kurt Moll's Ochs, ripely sung but too much the jolly-good-fellow, seemed to be played for themselves alone. It was left to Kiri Te Kanawa, albeit with an announced (and all too evident) throat ailment, to draw from the audience some semblance of involvement. This is Miss Te Kanawa's first Marschallin, and her mastery of the part is still far from complete; but much of it is already naturally accommo- dated, unaffectedly played, and (despite the frog-croaks) beauti- fully sung.

• Frederica von Stade and Kiri Te Kenawa in Der Rosenkavalier

ICA

Bryars and White by ANDREW CLEMENTS

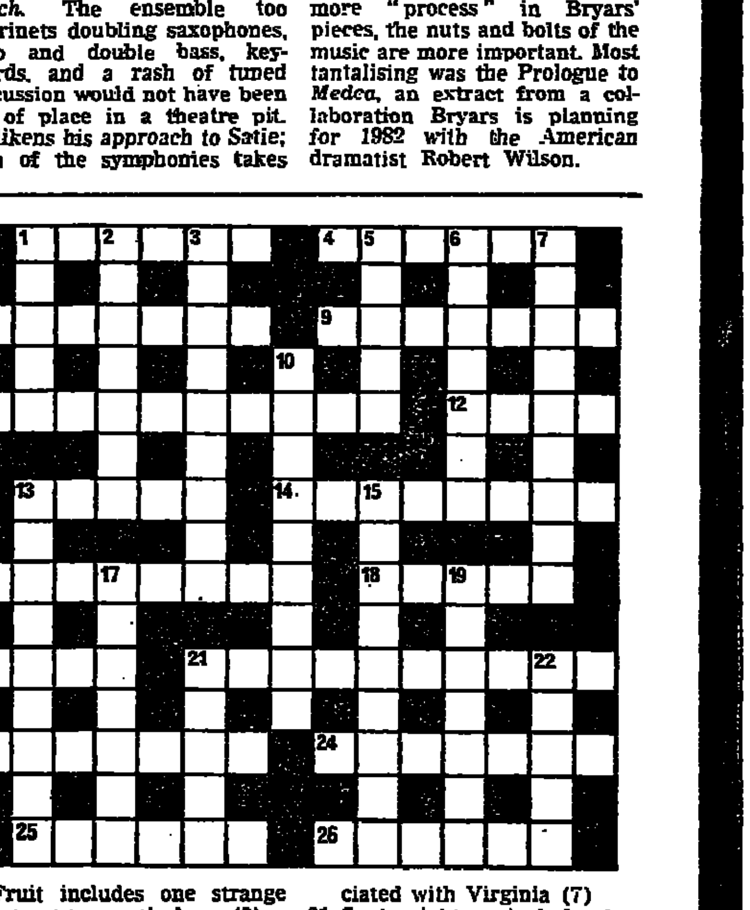
Experimental composers never grow old. Neither do they develop: John White and Gavin Bryars have not "progressed" from the music they were writing and performing a decade ago; they have just moved on to different things. The programme of recent pieces they presented at the ICA on Sunday (the last stop on a Regional Arts Association Con- temporary Music tour) was as polished and witty, unexpected and infuriating as ever.

Since Michael Nyman wrote a book on post-Cage composers and called it *Experimental Music* the label has been used prodigally. It has stuck fairly firmly to Bryars and White for want of a better description: if experimental implies "demand- ing" and innovative then it is also inaccurate, for there was nothing in the ICA programme that with sufficient patience would have caused anyone problems. White conducted per- formances of four of his recent symphonies (Nos. 3, 4, 5 and 6); Bryars presented a selection of recent pieces, three of them part of a continuing sequence.

White's ready way with a diminished chord and his ex- perience in theatre musicals gives his music, for all its exhaustive exploitation of the material, a friendly air of *kitsch*. The ensemble too (clarinets doubling saxophones, cello and double bass, key- boards, and a rash of tuned percussion would not have been out of place in a theatre pit. He likens his approach to Satie; each of the symphonies takes a fresh look at the same material, so that the first move- ments are connected and all the second, and so on.

Bryars casts his eclectic net more widely: Busoni, Bill Evans, Satie, Raymond Roussell, and Jean Ferry, and the results are palpably different: there is more "process" in Bryars' pieces, the nuts and bolts of the music are more important. Most tantalising was the Prologue to *Medea*, an extract from a col- laboration Bryars is planning for 1982 with the American dramatist Robert Wilson.

F.T. CROSSWORD PUZZLE No. 4,732



ACROSS

1 Rumour can sound explosive (6)
4 A brick—but takes a dive (6)
8 What the ambitious hope to make—it's grand experience (3, 4)
9 Inscriptions by the feet (7)
11 "Adversity's sweet milk, —" (R. and J.) (10)
12 Clothes can be changed when you are driving (4)
13 Animal is all right, a letter in Greek follows (5)
14 Left with a mean team (4, 4)
16 A novice is to request a good score (8)
18 Walked with one in the Police Department (5)
20 A regretful young lady (4)
21 Operatic aria scathingly sums up English summer (3, 4, 3)
23 Impatient expression in cheese cake (7)
24 Impedes what we take on picnics (7)
25 "Rough—danced, and fauns with cloven heel" (Milton) (6)
26 What Simon was called—the Greeks had a word for it (6)

DOWN

1 It was the third one that caused the war (5)
2 Boy with girl on knee (7)
3 Concerning an errand of forgiveness (9)
5 Adversaries from the Yemen (5)
6 Clears away doctors round the borders (7)
7 How Jack Horner was caught presumably (3-6)
10 Drill formation caused by public arrangement (4, 5)
13 Musical proposals (9)
15 Fruit includes one strange act put to practical use (9)
17 One finds the Poles left—but not in earnest (2, 5)
19 An unpleasant person asso- ciated with Virginia (7)
21 So the right can include what is different (5)
22 French town behind which Polonius was killed (5)

Solution to Puzzle No. 4,731

H	A	L	F	B	A	C	K		B	L	O	W	E	R
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Tuesday November 24 1981

Trade unions and the law

OVER THE past 20 years it has become obvious that the framework of rules which regulate conflict between employers and unions in the UK is inadequate. The Wilson Government recognised this in 1969, but its proposals fell foul of trade union opposition. The Heath Government recognised it in 1971, but its attempts to impose a legal straitjacket on a voluntary, informal system of industrial relations was precipitate and over-ambitious. The present Conservative Government has taken a more cautious approach. The 1980 Employment Act dealt with specific abuses relating to the closed shop, picketing and certain other matters. Now Mr Norman Tebbit, the new Employment Secretary, has introduced proposals which go somewhat further, particularly on trade union immunities and the definition of a trade dispute.

The Trade Disputes Act 1906, reaffirmed in 1974, gives immunity to trade unions from virtually all actions in tort. Trade unions cannot be sued in tort for an injunction or damages either for their own acts, or for acts done on their behalf by their officials or members. The Government regards *this as anomalous and unfair.* It proposes that unions should be liable to be sued in tort when they are responsible for unlawful acts which are not protected by the so-called golden formula—acts done "in contemplation or furtherance of a trade dispute." They will also be liable when they are responsible for action which is unlawful for individuals by virtue of the changes made in the 1980 Employment Act—for example organising secondary action beyond the limits laid down in that Act.

Golden formula

This is an important change, and one which the trade unions will strenuously resist. Trade union funds will be at risk in the event of unlawful acts done in their name. The Government hopes that this will encourage trade unions to behave more responsibly and to keep closer control over the actions of their lower-level officials and shop stewards. Yet the practical problems of implementation will be considerable. Given the gulf that often separates union headquarters and shop floor, and the loose chain of command which exists in most unions, it may be difficult for employers to prove that the action complained of was *sanctioned by the trade union* concerned.

Although the unions will see the move as the thin end of the wedge on immunities, its significance should not be exaggerated. *Most strikes and* other forms of industrial action will be protected by the "golden formula" and will not be affected by the new measures. The present extent *of immunity is unreasonably* wide and the Government is right to reduce it.

The proposals on immunities are closely related to the desire to narrow the definition of a trade dispute. The Government proposes that trade disputes should relate "wholly or mainly" to the matters set out in the 1974 Act (concerned with terms and conditions of employment), rather than simply be "connected with" them. Disputes "between workers and workers" and disputes relating solely to matters occurring outside Great Britain will be excluded from the definition of a trade dispute. The definition will be limited to disputes between an employer and his own employees.

Legal framework

The proposals provide, as expected, for further protection to victims of the closed shop (including substantial increases in compensation) and for discouraging "union labour only" *contracts, which are particularly* common in local authorities. These changes are welcome.

None of these proposals threatens in any fundamental way the ability of trade unions to protect their members' interests. While they strengthen to a useful extent the legal framework within which unions operate, they are designed to prevent abuses rather than to change the balance of power. (The measures dealing with selective dismissals during and after a strike fall a long way short of what some employers had urged.) There is always a danger that any tampering with immunities will unite a demoralised trade union movement against the Government. But it is hard to envisage much public support for an all-out campaign against the present proposals. The Government seems to have accepted, rightly in our view, that the law can make only a modest contribution to the improvement of industrial relations; that task remains with management and unions at the level of individual companies and factories.

How to contain defence costs

THE MONSTROUS cost of armaments has soared, is soaring, and ought to be contained. A tightening up is urgent in three areas: cost control must be made more effective throughout the process of research, development and production; the arms industry must bear added co-responsibility for overruns; and another attempt must be made to arrive at co-operation within the western alliance.

The decision of the U.S. Navy to use the British Hawk jet trainer as the basis for a trainer of its own is a promising move. But though the U.S. has threatened its own arms suppliers that it may buy European to save money, the record so far is not encouraging. *The attempt to agree on a German*-American tank ended in a fiasco and in cost overruns for the U.S. model far exceeding the rate of inflation. A decision *to buy a Franco-German anti*-tank missile collapsed.

That is no reason for giving up. Within the western alliance the security argument for having full-scale national *defence industries has lost* much of its force. Does anyone seriously foresee, say, a Franco-German war, or even a repetition of Suez? Joint production starting from the drawing board *does have its pitfalls, but that* is no argument against specialisation and above all against avoiding duplication of hideously expensive research and development work.

Mr John Nott, the British Defence Secretary, has said baldly that the present 1:2 ratio of British military spending on research and development to production costs, "if sustained," may drive us into bankruptcy."

Procurement

In West Germany unending cost overruns of the Tornado aircraft have revealed the woeful inadequacy, some would say the near non-existence, of effective cost control. In the U.S., Mr Caspar Weinberger, a Defence Secretary hardly intent on weakening the forces, has promised a review of procurement procedure. Mr David Stockman, Director of the Budget, in his rambling thoughts published by Atlantic Monthly, pithily accused the Pentagon of greed.

Mr Weinberger could start with the findings of a Senate Committee that, on average, major weapons in the end cost twice as much as the estimate submitted when the order is first approved.

It would be foolish to criticise *industry alone. Understand*ably the soldiers want the best possible equipment. But marginal improvements to a weapons system often cause more than marginally increased costs. Even if cost overruns were to be only marginal, given annual expenditure on arms of £210bn around the world, the sums involved would be in danger of ballooning until the balloon bursts.

The Stockholm International Peace Research Institute (SIPRI), though no friend of arms spending, in its latest annual report does not blame it for the world's inflationary woes. But it must be utterly futile to chip away at civil budgets—a mile of motorway here, a more stringent criterion for welfare benefits there—unless defence spending likewise *comes under review.*

Perfectionism

That is not to demand real cuts: it is a plea for making sure that the money spent on military supply is spent sensibly. Nato's intention to increase defence spending by three percentage points above inflation rates each year can stand, vague though it is in practice, but the money must be spent wisely.

As monopoly buyers, governments should be in a strong position to impose their terms on industry. To do so, they will have to check the perfectionism of admirals and generals. Where manufacturers have demonstrably submitted sloppy or cosmetic estimates, they should bear at least a share of *the resulting cost overruns* themselves.

In the late Middle Ages the cavalry turned up for battle in armour so heavy that the knight, if he came off his horse, *fight on. Unless military spend*ing is brought under control western economies could find themselves in the same unhappy position long before battle is joined.

U.S. BOND MARKETS

What the professionals missed

By Anthony Harris

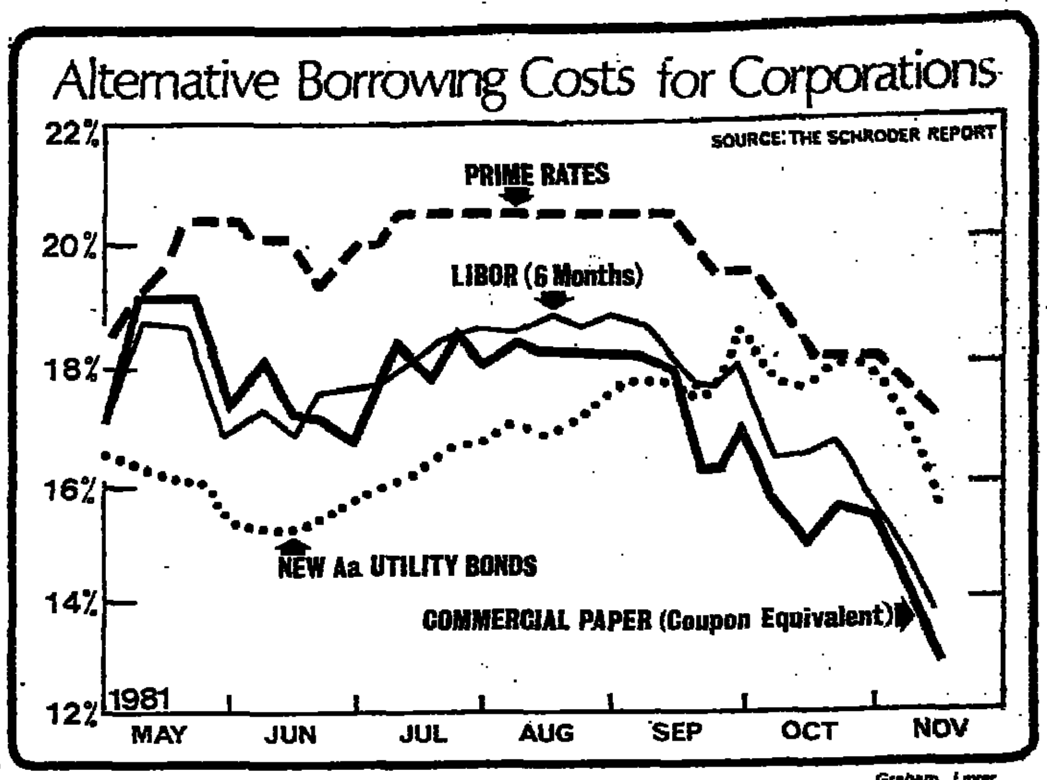
FOR part of yesterday the U.S. Federal Government *was technically bankrupt.* The President had vetoed the legislation which made it legal to write Federal cheques, because Congress has offered to authorise more spending than *the President intends.*

This is partly a publicity stunt—a show of fiscal determinat[illegible]. It also seems to accord with basic Reagan stratagem —to force real spending cuts by cutting off the money.

It is the kind of rough, messy but possibly effective action—like sacking all the air traffic controllers — which would be unthinkable in our own well-ordered bureaucracy.

This crisis over appropriations is not, of course, the cause of the remarkable recovery of apparent confidence in the U.S. bond market in recent weeks; it comes after the event. It does, however, serve to rub in a lesson which any British visitor to the American financial community quickly learns.

MR PAUL VOLCKER
stern resolve



Graham Laver

DR HENRY KAUFMAN
delayed blessing

U.S. fund managers have been watching events in Britain with fascination and horror, and were until very recently convinced that they were following the same road—a clash between fiscal and monetary policy starting a vicious spiral of rising interest rates and falling Government revenues. The political slogans were similar, and the results looked the *same.*

However, if U.S. analysts are obsessed with dire parallels, the visitor is soon overwhelmed by the differences. A visit which coincides with a runaway bond market *rally* simply rubs the lesson in.

Some of the differences are political, and obvious to the naked eye. Others are at first sight more technical, but they *are just as profound for all that.* They concern the very nature of monetary restraint, and of its crisis version known as crowding out.

In Britain, the main instru*ment of monetary control—the* way money is mopped up—is through the sale of long-term Government bonds. The rates paid on these bonds drove corporate borrowers to their bankers *a decade ago.* There is no large alternative source of short-term finance, and debt can only be reduced by diluting equity, or by improved cash flow—improving margins or selling off stocks. Adjustment is slow and extremely painful in a recession.

In the U.S., the Federal government finances itself predominantly short term, and the structure of interest rates encourages the growth of a huge market in short-term corporate debts which is not intermediated by the banks.

Furthermore, the traditions of the long-term bond market are quite different. U.S. corporate bonds are normally "Callable" —that is, they can be redeemed at the will of the borrower. The U.S. corporate treasurer can therefore use the bond market to hedge his bets. A bond issue, even at a high premium over current short-term rates, offers insurance against a future credit crunch with no risk of being left high and dry should a fall in rates prove durable.

The whole system means that while crowding out in Britain appears to be a way of life, in the U.S. it is a temporary phenomenon. A regime of volatile interest rates encourages large-scale reconstruction of private debt during any lull in interest rates; and even during the crunch, the existence of a parallel corporate paper market provides a relief valve for the system. Financial distress is not automatically reflected, as it is in Britain, in a rise in bank lending to corporations.

This may seem dry stuff, but it is an esential aid to understand what has been happening in the U.S. recently. It explains why the Fed is actually able to achieve its monetary targets, despite growing Federal deficits.

A unique power to affect the world supply of dollars

The fact that the banks are only one of the available channels of short-term credit has meant that both the narrow official measure of money, M1B, and the somewhat broader M2 have responded in an orderly way to a regime of high interest rates.

Indeed, narrow money growth has been well below its target range, and this has allowed the Fed room to exercise judgment, and relax the squeeze as economic conditions changed. The relaxation in the short-term market began as long ago as July, with an accelerated supply of reserves to the banking system. The Fed was, in fact, well aware of the bulge in distress borrowing which signals the onset of a recession, and determined to accommodate it.

To be sure, that is not how events appeared to those who pay more attention to words than numbers. Mr Paul Volcker, the Fed chairman, has continued to talk the language of stern deflationary resolve, and seems to have been perfectly happy to let Mr Donald Regan, the Treasury Secretary, steal the political credit for lower interest rates by attacking the Fed for over-tightness.

It suits the Fed to talk the language of monetary virtue, and the Administration to talk the language of expansion. I met no-one in Washington who thought the "argument" had any effect on policy actions.

By mid-October, indeed, *when the argument was in the* headlines, the Fed had already achieved a highly dramatic "operation twist" in reverse, creating a steeply positive yield curve as an incentive to *financial reconstruction.* The bond market professionals continued to brood over ever-higher projections of the Federal deficit, but investors began to realise that they could *get a much higher* income in bonds.

When the turn came, it was like the bursting of a dam. This is the result of another feature of the U.S. system—the role of the bond houses. These intermediaries take up new issues with their own money, and only subsequently distribute to investors. In any market, the presence of institutions which carry large inventories will tend to damp down small price swings, but exaggerate large ones.

At the end of October, the bond houses noticed for the first time in many months a lively and insistent retail demand. They promptly added to it by trying to rebuild their own depleted inventories. Even this move was hesitant at first.

So much for recent market events; but what has really happened? Is this just the sharp if belated response to recession, abetted by Fed manipulation of the yield curve—a sort of Grand Old Duke of Yorktown, who will march rates up the hill again as soon as the economy makes its own response? That has remained a widespread view on Wall Street; but it does seem possible that the market is reflecting *some rather more* fundamental changes.

It must be remembered, after all, that the professionals have been the mugs on this occasion. The bond houses followed in *the wake of the retail market,* they did not lead it. Dr Henry Kaufman, the guru whose words are so market-sensitive that he dare not voice a thought until he has assembled a Press conference, *gave the rally his bless*ing only after short rates had been falling for weeks, and long rates for three days. Something seems to be missing in the Wall Street analysis.

One such error impresses the visitor: American analysis is excessively inward looking. The dire warnings arise from comparisons of estimated credit demands, and the available flow of U.S. savings. However, foreign investors are important participants in U.S. markets.

Foreign central banks are especially significant, for they have the unique power to affect the world supply of dollars. When they are intervening in markets to support their currencies, they sell U.S. securities—adding to selling pressure on Wall Street. They use the proceeds to buy in their own currencies, and the recirculated dollars leave the Fed struggling with an over-liquid market.

When the currency tide turns, they act in the opposite sense, mopping up dollars in the exchange markets and investing the proceeds in U.S. securities. Federal financing becomes easier, but the monetary counterpart of the deficit spending tends to appear as yen or D-marks.

This foreign intervention cycle is very hard to trace in the published figures, but is acknowledged both by the Fed *and the U.S. Treasury to be* important. Indeed Mr Regan publicly blamed foreign central banks for helping to inflate U.S. rates through their interventions in the summer. He has not yet commented on their role in helping the market to turn.

If this is an important explanation of the market turn, it is a temporary one, but it may well remain a favour*able influence for some time.* A U.S. recovery, leading to a balance of payments deficit, will actually attract official capital from abroad for as long as foreign central banks are happy to acquire reserves (and incidentally finance their own countries' exports). The oil price cycle may well be more influential than the U.S. business cycle in causing market pain.

However, foreign investment flows are only a marginal influence on the U.S. capital market, albeit an important one, and it is events in the U.S. *itself which will do most to* determine long-run events. It may well be dangerous at this point to do what the Wall Street professionals do best, and project future credit demands from *past* behaviour.

There is in fact no obvious limit to the financial reconstruction which is now beginning in the U.S. Refinancing of short-term debt in the long term market is a fringe event compared with the wave of mergers which has already begun, and the wave of bankruptcies which both officials and investors seem to contemplate quite *cheerfully* as an imminent possibility.

The newly permissive attitude on corporate mergers arises from two beliefs in the Reagan Administration. First, *foreign competition is now* so important in many consumer markets that anti-trust administrators can take a world view.

Second, vertical and conglomerate mergers may actually *be welcome if they add to cor*porate financial strength—and especially if they obviate the need for Federal financial or *protectionist* rescue operations.

New legislation on the treatment of tax losses offers another source of finance for temporarily weak companies. It is at least possible that a significant part of the forecast external borrowing of U.S. corporations will be met in the event from the internal resources of new groupings—or not met at all. Mr Reagan's ruthlessness may not be *limited to air traffic controllers.*

Bankruptcy, even of major corporations, is certainly widely discussed; and even if it never happens, the talk has already had a startling effect. Labour in the hardest-pressed industries —motors, airlines and some metals—is already heaving in a way which Sir Michael Edwardes would still regard as impossible, negotiating pay cuts as well as higher productivity.

A newly permissive attitude on corporate mergers

To read from these hints and possibilities a forecast of finan*cial consolidation,* high productivity and low inflation would of course be absurd; but a British visitor, used to a domestic history which runs like an endlessly repeated farce, can only be impressed with the possibilities of real if sometimes unpredictable change in this vast, resilient economy. The Wall Street warnings of pain to come look not so much like a forecast as a plausible worst case.

Men & Matters

Some day his prints will come

"You are limited by the size of your dreams," opined Jerry Nims yesterday. And the three-dimensional snapshot pioneer made it quite clear that small-time dreaming was not his weakness. The man who put the first syllable into the Nimslo 3-D photographic venture (the second is provided by his Chinese partner, technical wizard Allen Lo) was not of a kind to be subdued by a roomful of sceptical journalists. "Our goal in the 1980s is to be the Eastman Kodak of three-dimension," he proclaimed.

Nor was his colleague Graham Dowson, deputy chairman of Nimslo International, content to be cast as a man of small ambition. Dowson, who once lost out in the famous bedrooms-to-boardrooms bust-up with Sir John Davis at the Rank Organisation, declared that in the field of photography Nimslo would be "as big as or bigger than Xerox."

Nims and Dowson were entitled to be in confident mood. Next Monday, shares in Nimslo International begin trading on the London Unlisted Securities Market after a share issue, mostly to London investment institutions, which has raised over $30m. Two previous capital-raising moves in London, in 1978 and 1980, have produced a lot of highly satisfied UK investors. After all, at the issue price the whole Nimslo International *business is valued at* $464m — and this before the company has sold a single camera. On present projections, paying customers will not be able to get their hand on Nimslo's four-lens camera until next March at the earliest, and

"It's unique, sir . . . it even makes our politicians seem lifelike!"

By the end of next year, however, Timex in Dundee should be churning out cameras at the rate of 500,000 a year. Suddenly, according to Nimslo's publicity material, the world won't be flat any more. "Imagine looking at a picture so real, so *lifelike,* that you want to reach in and touch the subject," gushes the Nimslo brochure.

Unfortunately, one aspect of Nimslo is unreachable and untouchable — its relationship with the somewhat secretive Timex Corporation. Since this publicity-shy U.S. private com*pany became heavily involved* in the Nimslo project, the ultimate ownership if Nimslo has become less than clear. For 75 per cent of Nimslo International is owned by a Bermuda com*pany, Nimslo Technology,* formerly called Fairhaven, which a year ago bought up the former Nimslo Technology Inc. where Jerry Nims was a 46 per cent shareholder.

According to Nims yesterday his own total beneficial stake is one share in Nimslo International, though he also has an annual salary of $150,000 to help him get along. Still, Nims is on the board of a charitable foundation which is a big shareholder in Nimslo International, and on the same board is Timex director Jim Davidson. Another large shareholder is Norwegian shipping magnate Fred Olsen, who controls Timex.

Why the coyness about who British institutional shareholders are getting into bed with? Jerry Nims was apologetic yesterday, pointing to differences of philosophy. Unlike himself, Timex did not believe in press conferences. "These people believe they should appear in the newspapers the day *they are born, the day* they get married and the day they die." he explained.

Flat rates

As the dust settles and the demolition experts count their £300,000 for neatly disposing of two tower blocks of flats in London's East End, the hard-pressed ratepayers are left to choke on *the fact that they and* their yet-to-be-born children will be paying for the non-existent homes until the year 2024.

Newham Council built the flats, optimistically described as dream homes of the future, to replace some of the slums of the Stratford part of the borough in 1962 and 1966 at a cost of £550,000.

The two towers housed 128 families in 15 storeys of what quickly came to be found as structurally faulty concrete pillars. Repairs would have cost at least £1.5m. So they were demolished in 12 seconds, leaving a pile of debris—and debt.

All housing debt is incurred over 60 years in Britain and part of each ratepayer's annual bill goes to pay the interest. In this case that will be £84,000 a year for 48 years for what is now mere wasted space. But Newham's residents can console themselves with the thought that they are not alone

The first such victims were in Birkenhead where two 11-storey blocks went up to loud acclaim and came down again within 21 years. Ratepayers in Newcastle-upon-Tyne still pay handsomely for a patch of weeds once occupied by new "design-for-living", flats which rapidly became "unsuitable even as student accommodation."

This very week a decision may have to be made to raze an entire estate in Manchester rather than spend £9m on essential repairs. That estate is just 10 years old.

Accounted out

Help! The Society of Company and Commercial Accountants has got its monickers in a twist.

The SCCA has finally pulled off the merger with the British Association of Accountants and Auditors which has been under discussion since a steering committee was set up in 1978. The merger does, however, leave the 10,000 members of the enlarged society with a tangled web of letters to spin after their names to show their professional affiliation. Some members will continue to use British Association designations—ABAA, or, for fellows, FBAA — while others will be ASCA or FSCA, according to the type of work which the member does.

One solution would, of course, be to forge a new name for the group, whose initials could supplant both of the sets currently in use. A good idea, I agree, but in the current political climate I would advise the Society to steer well clear of one suggestion which has been under consideration—the Institute of Registered Accountants. The name rolls sonorously enough off the tongue—but I do not think the initials would look well on a business card.

Observer

ADVERTISEMENT

JAPAN-EC SYMPOSIUM

JAPAN-EC ECONOMIC RELATIONS AND THE WORLD ECONOMY

More than 350 participants from various sectors—industry, Government and institutions from Japan and Europe met in Tokyo on November 5th-6th to discuss the future of Japan-EC Relations. The two-day Symposium, jointly sponsored by the EC Commission, the Japanese Ministry of International Trade and Industry and the Japan-EC Symposium Committee, provided a platform for each side to air their views.

ie symposium was the first of its kind to be jointly sponsored by the Japanese Government,the EC mmission and the Japan-EC Symposium Committee. During the two-day sessions, representa-es from government, business and other sectors exchanged frank views on trade relations, indus-al cooperation, the international economy, labour relations and other broad issues.

th sides regarded the symposium as a positive step to narrowing the perception gap between the) sides, and enhancing mutual understanding.

leading representatives of the two sides, Japanese Minister of International Trade and Industry, . Rokusuke Tanaka, and Vice-President of the EC Commission, Viscount Etienne Davignon, ncluded the Symposium with following comments:

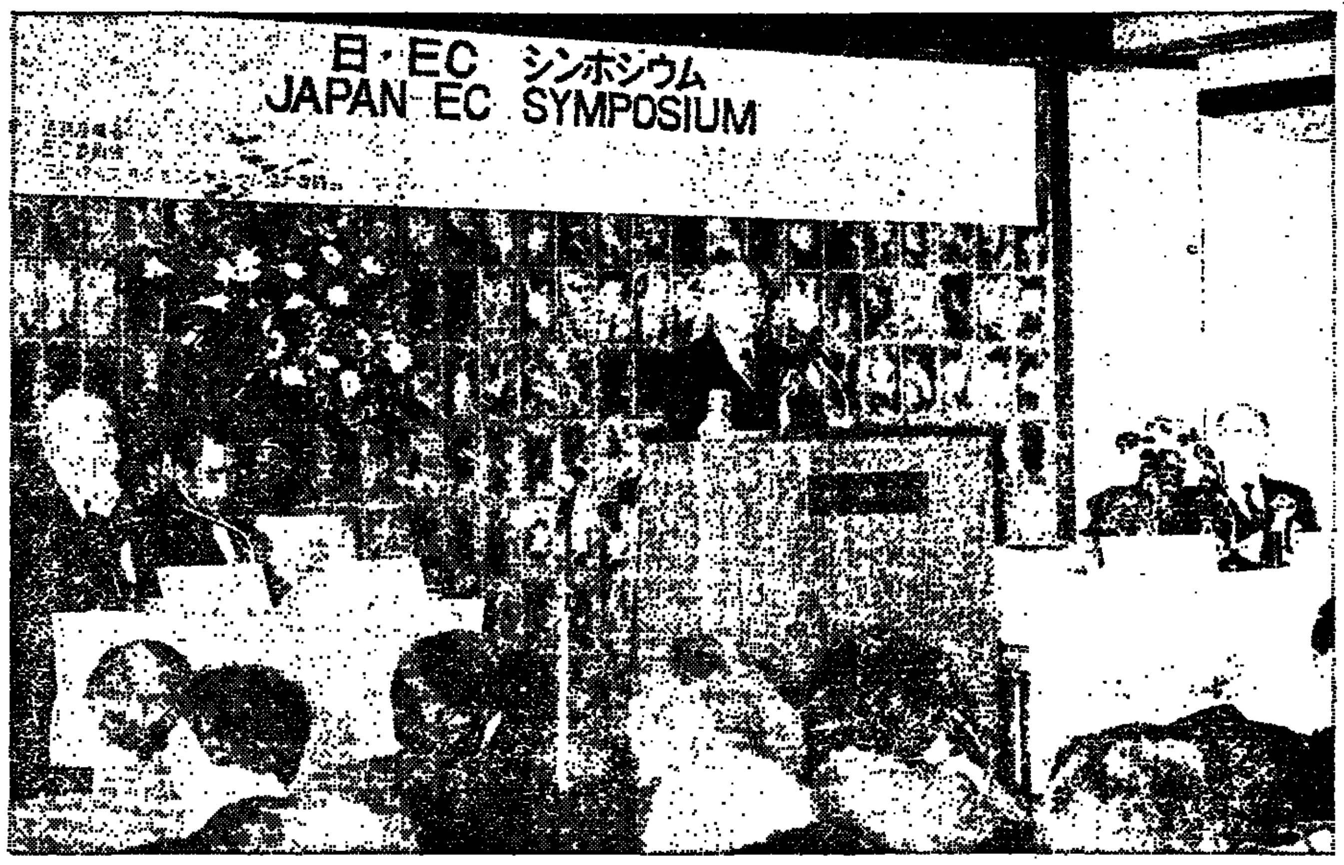
th Japan and the European Community are expected to play an important role and share the res-nsibility for preserving the liberal economic system as two corners of the triangle, together with e United States.

e liberal economic system is based on the firm adherence to the principle of free trade. If Japan, e European Community, or the United States moves toward protectionism, this would obviously ad to a crisis in the world economy. The economic situation after the second oil crisis makes it ficult for us to adhere to principle of free trade. In such a difficult period, it has become more im-rtant for both Japan and the European Community to make further efforts to secure the liberal eco-mic system, for the development not only of Japan-EC economic relations, but of the world econ-ny. Japan and the European Community are also expected to make efforts to revitalize the world onomy which is now facing various difficulties.

iere is a difference in social awareness between Japan and the European Community due to their ographical distance, their different languages, natural features, and other factors. In fact, there ists an unfortunate gap in perception between the two sides. In order to bridge this gap, Japan and e European Community will be expected to make further efforts for mutual understanding and to ild an even closer relationship between them. In other words, both sides should be open-minded in ealing with specific problems that arise between them.

is most important, therefore, to expand trade and to promote industrial cooperation between Japan d the European Community. It is also necessary for both sides to renew efforts to reciprocally pand their trade. Japan and the European Community should also promote mutual investment and changes in technology, joint research and development, and management expertise, as well as in-ease cooperation in third market countries.

e following are summaries of speeches given at the meetings.



Minister of International Trade and Industry, Mr. Rokusuke Tanaka (centre) addressing the Japan-EC Symposium. From left to right, Sir Roy Denman, Director General for External Relations of the EC Commission; Mr. Shohei Kuribara, Vice Minister for International Affairs, Ministry of International Trade and Industry; and Viscount Etienne Davignon, Vice President of the EC Commission.

ECONOMIC DEVELOPMENT IN JAPAN AND IN THE EUROPEAN COMMUNITY AND PERSPECTIVES FOR JAPAN-EC RELATIONS

Viscount Etienne Davignon

Vice-President of the EC Commission

I have listened with great interest to the speech of Minister Tanaka. I remember well the discussions we had in Brussels in June, when he and Prime Minister Suzuki visited the Commission. Since then we have recently had a visit from a very powerful delegation of the Keidanren. And it is not exactly a coincidence that the Keidanren has since visited the United States and that the US Secretary of Commerce, Mr Baldridge, was here last week, for discussions on the problems between Japan and the US. This Symposium comes indeed at a very significant time, a time when we need to take stock and draw some conclusions about how the major economic powers, and specifically the Community and Japan, are going to work together over the coming years.

Central to our relationship is the trilateral responsibility for the open world trading system which must be carried by Japan, the Community and the U.S. Together we account for something like half of world trade. We meet from time to at world economic summits. At the last meeting in Ottawa in July we reaffirmed our commitment to the open trading system, which has played a major part over the last 30 years in bringing mankind the greatest period of prosperity known in recorded history.

But this system will only endure if we work together. And here the salient fact, as we see it, is that there is a big gap in cooperation on both trade and industry between Japan and the Community, in contrast to the much closer relationship which exists in these areas between the U.S. and the Community, and even between Japan and the U.S., despite the problems to which Mr Baldridge and others have called attention.

This is a dangerous situation. It is dangerous because it leads us to concentrate on what divides us instead of what we could achieve by working together. And it is particularly dangerous for us with the contrast between the relatively high growth, full employment and low inflation in Japan on the one hand, and, on the other, *the bleak and worsening economic circumstances in the Community*. Even if there is a very modest up-turn in activity next year, after what is politely called negative real growth this year, unemployment will be rising steadily from the present level of 9 million — the highest level in some of our Member States since the great depression of the early 1930s.

So, you will see that when, in these circumstances, we talk of the need to moderate Japanese exports to the Community in certain key areas, we do so not in any protectionist spirit, but because, in view of the difficulties we face in Europe today, there are social and political limits to the rate of change. We stand by the rules of the international trading system. When others are more competitive then we realise we have to adjust. As Mr Biffin, the British Trade Secretary, put it the other day, there is a "spreed limit" to adjustment. If you step off the roof of this magnificant hotel, or if you walk down the stairs, the change in your position will be the same. Only the time factor — and the consequences — will be different. Thus, when we in the Community adopt a policy designed to slow the rate of change in one of our industries, it is designed not to prevent change but to make *it socially and economically acceptable.*

And the other side of the medal is the willingness of Japan to accept imports. Japan's imports of manufactured goods at 22% of total imports are substantially less than is normal for a modern industrialized country. The equivalent figure for the Community is 44% — for the U.S. about 55%. In terms of manufactured imports per head, the contrast is between $260 for Japan, $625 for the European Community and $577 for the U.S. That is why I welcomed the statement by Minister Tanaka in July that Japan would do what was necessary to increase its imports of manufactures. It was *an act of statesmanship that I trust will* soon be reflected in the facts. I recognize that an adjustment of the magnitude required in Japan's trade pattern will not be easy. But it is vitally necessary if the underlying problems of our relationship are going to be solved. We must, as a matter of urgency, tackle, through our joint effort, the real structural difficulties that exist and which have so far defeated our efforts to achieve a more balanced flow of trade in both directions.

Looking ahead what are the new spheres where Europe and Japan can act well together? I am struck by the fact that, despite *our frequent contacts, there is no big research project under way between us.* Here I think we must make a deliberate effort to find a major joint endeavour in one of the technologically advanced sectors, or in the field of nuclear safety, for example, where both sides will gain from acting together. The Member States of the European Community are unable to undertake projects of the scale concerned on their own, nor is it in *Japan's interest to attempt to go it alone.* Here the is a sphere where we should be capable of finding ways of working together, and I should like to appeal to Minister Tanaka to explore the possibilities that undoubtedly exist in this area. I for my part will certainly give my active support.

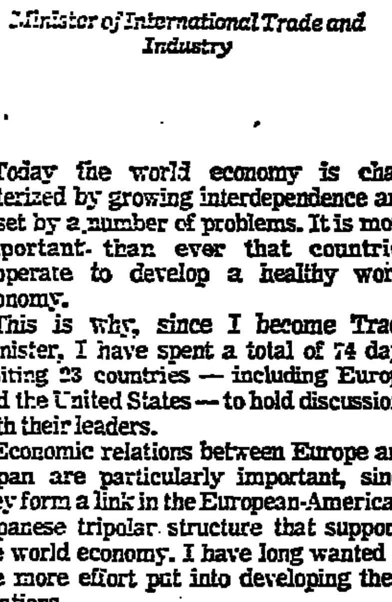
This brings me to the major theme of the restructuring of industry that is now under way in Europe. Here I have to say quite bluntly that time is running out. Community industry has to be restructured, but in this process it needs to know where it stands vis-a-vis Japan. It needs to know whether it will be able to have effective access to the Japanese market. It needs to know whether it can count on a sensible moderation in Japanese exports in certain key areas while the process of restructuring is going on. Because here I have to say that if European industry cannot count on Japan, then Japan cannot count on the European market.

So far as industrial cooperation between individual firms is concerned, there is still a wide scope for Japanese industry to work together with EC industry, whether in third markets, in Japan or in Europe itself. When I compare the great impetus given in Europe by U.S. firms since 1945, one sees the opportunity which exists for Japan to invest in Europe and to bring in technological know-how and management skills which can have a big part to play in the task of European industrial rejuvenation.

And all this, Mr Chairman, fills out the basic theme of inter-dependence on which we shall be concentrating today and tomorrow at this Symposium. Our feeling is that the Japanese Government has well understood this theme. But we are faced with the practical question of what can be done, and what can be done quickly, because while we are under no illusion that these basic problems can be solved easily, it is imperative *that we should be able to demonstrate that* steps in the right direction are being taken. And in this context it is clear that 1982 is going to be a very difficult year.

So we, Europe and Japan, have to look at the future together. As far as Europe itself is concerned, there is scope for action at all levels. There are certain tasks that can best be performed by the Community, some by industry and others again by the Member States. What is required is an organized, but not exclusive, relationship with Japan involving each of these elements. But above all it is indispensable that we make progress without delay because, as I said *earlier, time is running out for both sides.* We can no longer afford merely to engage in discussions or to exchange visits. We have to take decisions on how to proceed together.

During the two days of this Symposium the speeches and debates will bring out fresh aspects and develop particular issues. This is part of the bread process of drawing our two industries and economies closer together. I shall look forward to hearing your contribution to what is, as I have stressed, an urgent task that confronts us all.



Mr. Rokusuke Tanaka

Minister of International Trade and Industry

Today the world economy is characterized by growing interdependence and beset by a number of problems. It is more important than ever that countries cooperate to develop a healthy world economy.

This is why, since I become Trade Minister, I have spent a total of 74 days visiting 23 countries — including Europe and the United States — to hold discussions with their leaders.

Economic relations between Europe and Japan are particularly important, since they form a link in the European-American-Japanese tripolar structure that supports the world economy. I have long wanted to see more effort put into developing these relations.

I believe it is significant, therefore, that political, business, and media leaders from Japan and Europe have gathered here for frank exchange of views on the future of European-Japanese economic relations. As one of the sponsors of this symposium, I wish to offer an especially warm welcome to Vice-President Davignon, and Co-Chairman Denman and the speakers and panelists who have come all the way from Europe to participate here today.

Japan and Europe share a long history of cultural, religious, artistic ties. Our economic relations, however, have not developed as fully as those between Japan and the U.S., or Europe and the U.S. Since the second oil crisis, many Western countries have been faced with common problems such as reduced economic growth, inflation, increasing unemployment, and balance of payments deficits.

Luckily for Japan, it has been able to ride the second oil crisis smoothly, based on valuable experience gained from the first oil crisis. Other countries, however, have required more time to overcome their economic problems. As a result, some are adopting strong protectionist sentiments, and this is cause for grave concern.

We still have vivid memories of the economic catastrophe that followed when countries rushed to implement protectionist policies during the 1930s depression. Protectionist policies may alleviate political *difficulties in the short run, but they ultimately* hinder the development of the world economy. The participants at the Ottawa Summit reaffirmed their commitment to the principle of free trade and to the belief that free trade must be the motive force behind the development of the world economy. The most important issue before us is how to manifest this commitment. While visiting Europe in June, I discussed trade issues with Vice-President Davignon in Brussels. From that discussion, I understood that Europeans are extremely sensitive about the effects of Japanese imports on their recession-plagued industries because we both produce similar industrial goods.

It is important for Japan and Europe to work for mutual prosperity. Japanese industry fully understands that global prosperity is essential for Japan's prosperity. As I see it, the Japanese are working harder to understand Europe than European are to understand Japan. As one evidence, Japanese industry is now trying not to flood markets with concentrated exports.

We should, however, be putting more emphasis on reciprocally expanding trade, not restraining it.

Trade with Japan accounts for less than five per cent of all imports and exports for the EC. I would like to see more European goods imported into Japan. The Japanese market is more open than its EC counterpart since it lowered tariffs and simplified import and inspection procedures. Despite these efforts imports of European products have failed to increase significantly.

This is probably because European and Japanese industries sell similar manufactured products, which inevitably, compete with each other. I believe in eliminating any existing barriers to European goods not marketed in Japan, even though they would be competitive here.

In July, I urged our industry and the Japanese public to increase imports. We have dispatched buying missions and held seminars to encourage exports to Japan. The EC trade fair that opened yesterday is also an example of such cooperation. We have also set up a special council on manufactured good imports, represented by Government and business members, to study specific problems.

There has already been a good deal of reciprocal industrial activity between our countries: Japanese investment in household and commercial electronics; technical cooperation in automobiles, machine tools, and steel industries and in joint technical development of civil aircrafts.

Such cooperation help create jobs in partner countries, revive lagging industries, and strengthen the economic base of industrially advanced countries. Ultimately these efforts will expand international trade and ease trade frictions.

I plan to continue to work for industrial cooperation, and I am sure Vice-President Davignon intends to do likewise. For instance, we have set up an Industrial Cooperation Planning Office within my ministry as well as a foundation for promoting trade and industry. We have exchanged views with the British Government, and we plan to hold similar meetings with other EC countries.

In order to promote cooperation in third-country markets, we have signed a joint insurance agreement with Britain, France, Belgium, and the Netherlands. In the private sector, the Japan Machinery Exporters Association has discussions with European industrial organizations. Both the government and business sectors need to work from their respective standpoints to establish such relationships with still more countries.

It is important that the recent visit to Europe by an economic mission be followed closely by a private delegation. Through the Japan External Trade Organization (JETRO), we will hold industrial cooperation seminars in Britain, France and Italy.

We will also set up committees for encouraging industrial cooperation with EC countries. Furthermore, at the request of the OECD, Japan is planning to hold an international syposium on productivity in Tokyo in May 1983. This is part of an effort by the Industry Committee of the OECD to improve productivity — a major factor affecting business growth. This syposium, which will bring together industrial, labour and academic leaders from many countries, will discuss the problems of improving productivity from angles of business management and industrial relations.

I have spoken frankly, stating some of my personal views. I do wish to stress, though, there is still room for improvement of Japan-EC relations.

So, in closing, I wish to affirm my intention to cooperate with the EC Commission, the Co-Sponsor of this symposium, and to strive for the development of European-Japanese economic relations and, thereby, for the development of the world economy.

PARLIAMENT AND PUBLIC IN JAPAN-EC RELATIONS

Sir Fred Warner

Chairman of the EC-Japanese Parliamentary League of Firendship

I have been asked to speak to you on Public Opinion in Europe and its effects on Japanese/European relations. I well know the difficulties and dangers of this subject. There is the risk of just giving one's own views or that of the noisiest section of the public and attributing them to the public at large. I will try today to explain to you as honestly and accurately as I can what I believe to be the generally held opinions of the majority concerning relations with Japan and, hence, the kind of pressures which the peoples of the European Community are putting on their Governments.

First of all, is there really such a thing as a "European public opinion"? In Japan, for a ropean public opinion". In Japan, for a hundred years, you were used to dealing directly with countries like Germany, France, Britain, each of which you considered very different in character, which they are. The notion that there might be a real European Community and that its Institutions might be truly capable of dealing on behalf of national Governments was only very slowly accepted in your country; there is still much scepticism today. It therefore came to us as a great encouragement when Prime Minister Suzuki and Minister Tanaka, during their visit to Europe this summer, appeared to accept that Japan would henceforth have to deal with the Community as a whole through its chosen instrument, the Commission.

I believe that behind both the common institutions and the individual Governments of Europe there lies a genuine group of attitudes towards Japan which are shared by the public. Those attitudes at present are dominated by the recession and widespread unemployment. The sudden halt or reversal of progress in living standards and particularly the fact that nearly 9 million workers in the Community are now unemployed, makes people desperate and quick to attribute blame. Of course Europeans do not think that your country is responsible for the recession or that Japanese imports have replaced 9 million jobs. But they do react aggressively to every factory closure and every loss of industry which results from Japanese competition.

When you sell motor cars, television sets, or tape decks, you are dealing in two of the principle fields of popular consumption and you are therefore very much in the public eye. When you move into the fields of numerically controlled machine tools, robotization and advanced micro-electronics you are perhaps less readily visible. But you are, in fact, walking into a minefield because the effects of your sales can be seen on the factory floor in loss of jobs, in the replacement of European workers by Japanese machines and in stunting the growth of domestic technologies. These effects are greatly increased by the concentration of your exports in limited areas. People in Europe do not see their own huge exports as harming anyone or as threatening other peoples' industries overseas. But they do see Japanese imports arriving in such a torrent as to close down factories, companies and even whole industries. The virtues of your thoroughness in planning, the application of your work-force, the skills of your salesmen are the very things which bring you under fire.

The concentrated pressures on a few sectors of European manufacturers raise protests from circles of workers, their fellow trade-union members in other industries, their suppliers and their neighbours. And their reactions against Japanese imports are far more vocal and far more pressing on Governments than the vague good will of those consumers who enjoy the positive benefits of excellence, reliability and price of Japanese cars, T.V.s and other consumption goods.

Now we come to the difficulties of European exporters in selling their goods in Japan. My task is to tell you that everywhere in Europe the view prevails that the Japanese market is virtually impenetrable due to a range of non-tariff barriers, administrative, cultural or historical. There are undoubtedly many European businessmen who have been highly successful in selling in your markets but their voices are scarcely heard. Better known are the problems of those who have found the Japanese markets far more expensive and more difficult to penetrate than those of any other industrial country. This may seem unfair or unjustified to you but I assure you that this view is almost universally accepted in Europe.

A new field of public discussion is that of technological advance. The old view, held until some years ago, was that Japanese industry tended to adapt or to improve ideas and models which originated in the West. Perhaps the fact that Japan was a net importer of technology reinforced the idea. Now, in many fields, Japan is the innovator but public opinion has hardly kept up with this. If public opinion were more informed about your technological achievements, there would be a much greater eagerness for industrial co-operation between our two countries.

One way in which we could greatly improve economic relations between Europe *and Japan is to have Japanese ventures or* joint ventures manufacture inside the Community and for European ventures or joint ventures to manufacture in Japan. But here again we run into a barrier in public opinion. There is a very wide distrust of Japanese investment in Europe. This is strange, because those Japanese firms which have set up in Europe have been both successful and popular locally Moreover, Japanese investment in Europe has been negligible compared with that from our friends in the United States. For instance in the U.K. alone during 1976-79, we received US$6 billion of U.S. investment, *but only US$200 million of Japanese* investment. Yet, while American investment was welcomed, Japanese investment was viewed by the public as a possible threat. Secondly, Europeans believe that, whatever your Government may say on the matter, Japanese banks and industrial companies are extremely hesitant to welcome inward investment or joint ventures. On both sides, these attitudes must be changed.

What is the effect of these widely held views on European Governments? Do public attitudes build up pressures for protectionism? I must tell you frankly that they do. Against a background of recession and unemployment, Governments and institutions are nervous and sensitive. The issues have ceased to be just economic; they have become deeply political. However unreasonable our public attitudes may seem to you, you have to re-examine them as a genuine expression of belief and deal with them against the background of news media which are by no means generally favourable to your case.

May I make a few scattered observations on what can be done on your side:

First, we have very different ways of going about things. The Japanese value long and careful consideration before they reach a decision. Europeans, however, think that speady communication and decision-making are signs of sincerity and a real desire to cooperate — slow reactions are viewed as delaying tactics.

Secondly, our distrust of Japanese intentions is matched by your preference for dealing with your own friends and suppliers at home rather than risking a plunge with a foreign company. Both of us need to shed the past and be bolder in our decisions.

Thirdly, I hope you will not underrate the effect of very small actions. For instance, I can never convince my Japanese friends when I tell them that your refusal to observe the International Whaling Convention has done the Japanese image abroad more harm than you can imagine. There are many small gestures which you could make, perhaps on footwear, or confectionery, or on whatever you may choose, for which you could compensate your own industries and which would give you a disproportionate return.

Fourthly, it is more important to encourage your friends and to find collaborators than to prove that you are right. The *European public have everything to learn* about Japan, even the most elementary facts about your need to create trading surpluses because of your lack of energy resources, raw materials and domestic food supplies. We will do our best to improve the state of public knowledge. But people will best learn these things from active collaboration and exchange with you and not from well-drafted official news sheets. If we truly share the benefits of our free-trade system, we shall have few causes to worry about hostile public opinion.

In the end, we are looking for political *collaboration in a world where we both* want to meet all challenges together. Japan increasingly shows itself able and active in meeting, with the United States and Europe, all the political problems which plague the World. If we remove the economic misunderstandings and prejudices, we shall go forward to more powerful and successful political achievements.

Mr. Tadashi Kuranari

Chairman of the Japanese-EC Parliamentary League of Friendship

As chairman of the Japanese side of the Japanese-EC Parliamentary League I have worked with Sir Fred Warner, chairman for the EC half of our organization, to deepen understanding between Japan and the EC and to further strengthen ties.

Over the past five meetings I believe we have come to a deeper understanding of our respective positions. Yet a multitude of problems, including the trade issue, remain to be solved between Japan and the European Community. As things stand now, I believe it inevitable that there should be constant friction between us.

Japan and the EC must cooperate together for the peace and prosperity of the entire free world. I would liken our bilateral relationship to a "marriage of reason". And we must find ways to make this marriage work.

True, Japan and the EC share common values of freedom and democracy. Yet there is more than physical distance *separating us. Our language and our* cultures are different. The Japanese, nevertheless, have always admired European history and culture. After the Meiji Restoration in the late 1800s, Japan endeavoured to catch up with European civilization. Yet these factors did not bridge the gap between us. In the past, Europe did not consider Japan vital for its existence, and Japan, for its part, felt no need to deepen the relationship. While Japan-U.S. ties became intimate after World War II, our relations with Europe have not been particularly close.

The turning point came with the rise of *trade frictions. We learnt painfully, that we* must be more aware of each other and try to understand each other better.

There is much in European culture, history and technology, every aspect of European civilization in fact that is unique to the world. Japan likewise is distinct in many ways. There are even more profound differences, however: Japan's more than 200 years of isolation, and Europe's need to resist constant threat of invasion from neighbouring countries, have developed vastly dissimilar *modus operandi* and national characteristics.

I do not believe it possible to assimilate *these great differences. Yet unless we come* to grips with them, we will leave room for more misunderstanding and friction.

Japan was able to achieve a high level of economic growth in the years following the Second World War. This was largely a result of good labour-management relations, the diligence of the Japanese people, and a generous dose of good luck. At present Japan is still groping to find its international role, but its efforts have not been adequate. It may take a long period of trial and error, but I am confident Japan can play a healthy, constructive role as a member of international society.

I believe the starting point for deeper mutual understanding between Japan and Europe is to be found in properly appreciating each others' values, being clearly aware of our respective differences, in short, "the marriage of reason" to which I referred earlier.

We, the members of the Japanese-EC Parliamentary League, and many other people have worked hard to foster this necessary understanding. Those efforts, however, have not been enough. I feel in particular that Europeans still lack an adequate and accurate understanding of Japan. In the future we in Japan must work even harder to help Europeans know our country better.

It is truly sad that it took trade frictions to start Japan and Europe on the road to mutual understanding. Yet our position in the world is such that we need to cooperate rationally together for world peace and prosperity. Japan wishes to take this opportunity to become ever more aware of the role Europe fulfills in international politics and the global economy. At the same time, by establishing Japan's international role, we must work together to eliminate misunderstanding and alleviate friction between our countries.

For centuries European history has been marked by repeated conflict among the nations of the region. Based on the bitter lessons of World War II, however, Europe today is vigorously working to achieve integration through a strong European Community. We in Japan are happy to see these encouraging developments. The integration may not be complete, but the European Community today stands as an essential pillar for the world political and economic system.

There are many problems that Japan and the EC must work together to resolve in the years ahead. Areas for joint efforts include promotion, not only of trade, but of industrial cooperation. Exchange of investments, joint technological research and development, and cooperation in third country markets are some examples. Again, it is vital that Japan and the EC cooperate to resolve the energy problem, aiding developing nations, and the newly industrialized countries. It may also be necessary from time to time for Japan and the EC to collaborate in advising the United States on issues of common interest. Japan, the EC and the United States need to cooperate together as representatives of the free world, to ensure a stable world economy.

For that, we must first solve the problems that exist between Japan and the EC. We in Japan are of course pleased that Japanese goods are regarded so highly in Europe for their low cost and good quality. But we do not want to aggravate unemployment or create problems for European governments. On the other hand, I personally am not convinced that the Japanese market is as closed as the European say it is. I believe it is no more closed than those of EC countries. Admittedly, the distance between Japan and the EC is great, and there are serious problems such as linguistic differences.

There are still a great many misunderstandings between Japan and the EC, because of insufficient efforts on both sides to eliminate them. To correct these misunderstandings, we must try to put ourselves in the others' shoes. No matter how tedious the process may be, we must adequately discuss specific problems such as differences in business practices.

There are ceaseless, inevitable frictions in Japan-EC relations which cannot be removed overnight. As an example, Japan, which has led other advanced nations in overcoming the oil crisis, still suffers from lingering side-effects and recession in our material industry. It is not possible to solve major problems quickly, but if we do not work steadily to solve them step by step, they will remain unresolved forever.

It is through meetings such as this that we can expand and strengthen ties between Japan and the European Community. I look forward to seeing our problems disappear through long-term interchanges.

C Scholarship Programme in Japan Successful

Joint Effort Aimed at Long-term Expansion of EC Exports

mme and ectives

hree European business-women have participated tober 1979 in the EC-ip Programme set up by mission of the European ities and carried out with eration of key Japanese ions and companies. Suc-3-month periods of train-given the participants a knowledge of Japan's , culture and commerce.

goals of the programme provide business people portunities for practical and, thereby, help to ex-C exports; to help them eful contacts in Japan as a f increasing cooperation the countries; and to en-a greater flow of informa-urope on Japan's business nent.

uffoni *Mitsui & Co., Ltd.* *e from Siderexport, Italy)*

rts that while a knowledge of · may not be helpful in partic-mplicated business negotiations, y to speak Japanese is a very t asset for the European execu-Japan-based subsidiary or joint Because of his knowledge of Japanese, he is now gaining : in foreign trade directly from : documents.

Increased Knowledge of Japan

Leslie Fielding, head of the EC Delegation in Japan, has summed-up the underlying philosophy of the programme by stating "The Commission, in taking this initiative, has recognised that European industry's performance on the Japanese market could be improved by better knowledge of Japan, its language, culture, and general business environment. The programme is therefore a symbol of European recognition of the need to learn more about Japan, just as Japanese businessmen have learned about Europe."

He also noted that "The Scholarship Programme is thus intended to support the longer term prospects for EC exports to Japan, and to promote the international industrial cooperation between European and Japanese industry which will become increasingly indispensable in the 1980s and 1990s."

"Japan and Europe have heavy responsibilities, both towards each other and towards the Western world as a whole. Balanced and harmonious relations between us are essential if we are to contribute to best effect to the stability and prosperity of international economic interchange, and to a resolute Western approach to world problems...," he added.

Learning Japanese Aids Understanding

The training programme is made up of three parts: a year of intensive language study; at least six months of in-house or "internship" training at cooperating Japanese companies; and an on-going programme — coordinated jointly by the EC Delegation in Japan, KEIDANREN (the Japan Federation of Economic Organizations) and the Keizai Koho Center (The Japan Institute for Social and Economic Affairs) — of seminars, workshops and lectures. This programme is supplemented by systematic visits to a representative range of Japanese commercial, industrial and financial institutions.

Paul Manzi *Nissho Iwai Corporation (Formerly with C. Tennant & Sons, Ltd. U.K.)*

He is impressed with the large volume of data handled by the worldwide information network of Nissho Iwai, and the fact that virtually all of the information is put to practical use. He also commented favourably on the importance Japanese businessmen attach to building and maintaining personal "human relations" networks.

The first EC scholars' training group, consisting of 21 persons, started its language course in Japan in October 1979 and completed that portion of the training in August 1980. The group's internship extended between September 1980 and February 1981. The second group of 22 persons started language training in October 1980, completed that part of the programme in August 1981, and then moved to in-house training.

Interest in *Sogo Shosha* Training

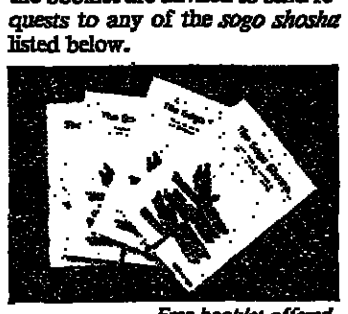
Interestingly, approximately half of the two groups of business people who finished intensive language study asked to be assigned to one of the large *sogo shosha.* This greater-than-anticipated interest by the trainees in Japan's unique general trading companies reflects the strong interest of the EC in how these giant corporations function. To provide a balanced answer in a well-rounded curriculum, Yoshio Katagiri, chairman of the *Sogo Shosha* Committee of the Japan Foreign Trade Council, authorised a group training programme that was conducted on a number of occasions.

Some major themes in the intensive *sogo shosha* instruction included: structural change in Japan's international trade; western style management and Japanese style management, hedge against risk; insurance covered by the *sogo shosha*; and mobilisation of financial resources by the *sogo shosha.*

The interns used their time advantageously at the participating *sogo shosha* to make numerous contacts and to visit many supplier companies.

Sogo Shosha Booklet from Scholars' Reports

At the request of the *Sogo Shosha* Committee, the executives in the programme prepared individual reports based on their experience and insights. These were compiled into a booklet published in the summer of 1981 under the title of "The *Sogo Shosha* — Observations by Scholars of the European Communities." Persons desiring a complimentary copy of the booklet are advised to send requests to any of the *sogo shosha* listed below.



Free booklet offered.

The following statement appears in the booklet. "I can think of no better place for an EC scholar to undergo his in-house training than in the *sogo shosha*, where our scholars have been warmly received and where they have been able to learn so much about the functions of the *sogo shosha* as a 'lubricant' of international trade and a 'catalyst' of new business..." The 95-page booklet provides a brief outline of the EC Scholarship Programme, a general introduction to the *sogo shosha*, and reports on a variety of topics chosen by the contributing business people.

Scholars Comment on the Programme

The European businessmen and women involved in the programme have made many written or verbal evaluations, some of which follow. "The time has come for European industry to see that lessons can be learned from the success story of modern Japan." "A *sogo shosha* is not only a trading company, but is also capitalist, organiser, and coordinator." "In Europe, one never has a finger in another person's work ... One's office is a private room which is entirely different from the office type room commonly found in a Japanese company. In Japan, however, every member of a section knows something about all of the jobs of a section and everyone is responsible for them. The job of a section chief is to assure smooth teamwork. This teamwork is a major reason why Japanese business succeeds." "I think it is not the lifelong employment system but the seniority system that supports Japanese business. The seniors in this system have rich experience in every field and in every aspect of each business division."

Verena Moll *Marubeni Corporation (Formerly with Deutsche Siderexport West Germany)*

She selected a sogo shosha for in-house training because this kind of trading company only exists in Japan and merits further study. Her strong interests in distribution systems and energy problems have led her to study the developing and organising functions of the sogo shosha, in the fields of metal and steel as well as energy resources.

In his comments on Japanese business and the *sogo shosha*, one scholar quoted the following from famed futurologist Herman Kahn. "These trading companies have a great potential for acting as a conduit for capital investment. While they are already doing so, and have a long record in this kind of activity, I feel sure that the scale of these operations will expand enormously in the future... Since Japan has now reached the point where it can and should become a larger importer, the trading companies are in a unique position to benefit both themselves and the countries with which they deal by bringing this about."

Current EC Scholars Comment

Scholars now in the training programme are making an effort to specialise in areas that might be of particular value in the future; they are sharing their discoveries and viewpoints with others.

Basilio Buffoni of Italy's Siderexport (assigned to Mitsui & Co., Ltd.) is interested in acquiring considerable knowledge on all aspects of the import business and third-country trade. He is now attached to Mitsui's Iron and Steel Administrative Division, Systems Group, where he is working successively in as many departments as possible. He found it interesting that the smooth flow of work is not interrupted when an employee is absent, because others in the office have the skills to step in and do the work. Another thing he liked at his assigned company was that all employees were so well-informed on corporate policies and objectives. Since he has learned Japanese well, he hopes to use his language skill to help build more cooperative business ventures — possibly in foreign trade — between Japan and Italy.

Some of the first group of EC scholars. Throughout their stay in Japan, the EC scholars attracted a great deal of attention. Articles appeared regularly in many of Japan's most respected and widely read newspapers. Interviews with the scholars in Japanese were also aired on television. No matter where they went, the EC scholars were warmly received.

Peter Chivari *Mitsubishi Corporation (Formerly with Maschinenfabrik Loesch GmbH West Germany)*

He commented on Japanese skill in marketing strategy and noted that European and American markets were complicated and customers were demanding. Japanese products sell in Europe because they are well designed, reasonably priced and their quality is relatively high. These product attributes alone were not enough to assure large sales volume, so Japanese manufacturers opened new markets, created new fashions, and activated latent market demand.

Paul Manzi, formerly of C. Tennant & Sons, Ltd. of England, is receiving in-house training at Nissho Iwai Corporation. Mr. Manzi had studied Japanese before coming to Japan with the training programme. He is now a very fluent speaker of Japanese. His special interest is chemicals and he is working in Nissho Iwai's Chemical Division. This gives him the opportunity to come into contact with manufacturers and distributors of chemicals throughout Japan. He is seeking to identify business opportunities in the Japanese market and elsewhere. His tasks at the assigned company also include helping to prepare an English language brochure and promotional material on chemicals.

Verena Moll was formerly employed at Deutsche Siderexport in West Germany and has been assigned to the Marubeni Corporation as an "intern." An expert in market research, she wishes to expand her career to include marketing and sales of European industrial goods in Japan. For this reason, she is now a trainee in the Iron and Steel Division of Marubeni. She believes that a knowledge of the Japanese language is highly recommendable in order to work effectively in Japan. Ms. Moll had expected to find business more hectic, because of the obvious fast growth of the Japanese economy. But, she found people work comfortably and appear to have time to find good solutions for daily difficulties that arise.

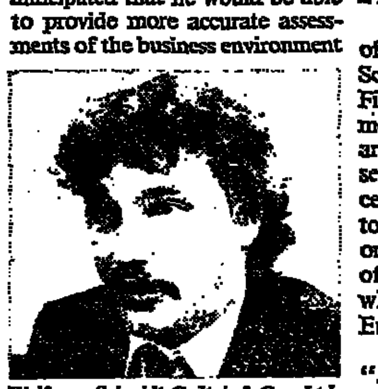
Peter Chivari was with the West German firm of Maschinenfabrik Loesch GmbH before entering the EC Scholarship Programme and coming to Japan. In his observations on differences in management between Japan and other countries he addressed the subject of long range planning and made a number of comparisons. In the United States, the quality and results of management are usually evaluated on a quarterly basis and then disclosed in the form of an interim report. In West Germany, where management styles are more U.S.-oriented, they evaluate results at least once a year. Management in Japan, though, apparently avoids the short term view and places more emphasis on long range planning. They make sound capital investments and look more toward the future. This is an advantage.

Linda J. Gale, in an evaluation of policies and attitudes that exist at European and Japanese firms, points out the major differences in attitude between Japanese and English people in their views of the companies that employ them. Generally speaking, persons in Japan seeking employment think more in terms of a potential employer's corporate image, the prestige that goes with size, or of personal connections within the organisation. Employees will raise no strong objections to being posted to different types of jobs or to being transferred to different cities. On the other hand, job-seekers in England have a very clear idea of positions they would like to fill and will usually choose employers on the basis of the jobs they are able to offer. In Japan, with such strong reliance on employers, it is natural that employees regard their companies as second homes — only a little less important than their own homes.

Wolfgang Schmidt, Export Sales Manager for Asia of West Germany's SKF Kugellager Fabriken GmbH, is now assigned to the Overseas Department of C. Itoh & Co., Ltd. Schmidt has used some of his time in Japan to prepare a detailed presentation for discussion at his company. It covers Japanese business, culture, the family system, economic factors, and "what's happening" throughout the nation, and it is expected to help his colleagues in Europe and friends in Japan to get to know each other better. When asked whether it was likely that the *sogo shosha* pattern of doing business would be adopted in Europe in the near future, he responded in the negative. He cited a number of European firms which were doing part of what the giant Japanese general trading companies were doing — such as exporting complete plants, arranging financing, and exporting a multiplicity of products — but stressed that European organisations and systems were quite different from those in Japan and that the *sogo shosha* were unique. At the same time he noted that Europe could learn some things from the Japanese experience and that some elements of their way of doing business could be adopted in a modified form. He anticipated that he would be able to provide more accurate assessments of the business environment in Japan and to make recommendations by next February.

Linda J. Gale *Sumitomo Corporation in Dec. (Formerly with British Educational Equipment Associations, Ltd. U.K.)*

She is scheduled to study at Sumitomo Corporation from December. In the interim she has gained preliminary information on the diversified, global activities of the Company through a number of discussions with Sumitomo staff members plus a slide presentation. At Sumitomo she expects to study how to initiate and organise large projects and how to operate in third-country trade so that she can better serve as a mediator between the EC and Japan.



Wolfgang Schmidt *C. Itoh & Co., Ltd. (SKF Kugellager Fabriken GmbH West Germany)*

He indicated that his assignment to a sogo shosha for the in-service part of the programme would allow him to study Japanese sales methods, management systems, and personnel training. His circle of business contacts would also be expanded. Asked about working relationships with office colleagues, he stressed that he found them to be very skilled in their work. When they discuss a specific matter or problem, they have all the facts at hand and know exactly what they are talking about.

Preparing for the Future

Commenting on the importance of Japan-EC relations and the Scholarship Programme, Leslie Fielding said, "... an operation as modest as the Community's Scholarship Programme to Japan may seem of marginal rather than central significance. But I believe it to be useful and positive, not only on its own merits, but as a symbol of the wider understanding to which both Japan and the European Community aspire."

The EC Delegation head added "... Seeds are being sown today which will come to fruition only in the next 10 or 20 years. But we hope that the cumulative effect of successive generations of these and other European scholars will be exponential and will create firm and lasting ties between European and Japanese industry. The scholars of today should be Europe's industrial leaders of the future. So the importance of their 18 months in Japan at this formative stage in their careers cannot be overestimated."

1980 TRAINING PROGRAMME ORGANISED BY THE JAPAN FOREIGN TRADE COUNCIL (For the 1st Group)

Morning (10:00 — 11:30)	Afternoon (13:30 — 15:00)
entation Seminar September 1980	
	Orientation Self-introduction Welcoming party (in Japanese)
Japan's Industry and Foreign Trade Mr. T. Furuhata, C. Itoh	Free discussion about the Japanese economy and Japanese culture Coordinator: Mr. H. Nasu, Sumitomo (in Japanese)
Structural Changes in Japan's International Trade Mr. H. Terazawa, Mitsui	Offshore Trade Through the *Sogo Shosha* Mr. Y. Nishi, Mitsui
How to Sell to Japan Mr. T. Suzuki, Mitsubishi	Film and free discussion about Japanese businessmen Coordinators: Mr. H. Namiki, Toyo Menka, and Mr. T. Arai, Kanematsu-Gosho (in Japanese)
Western Management and Japanese Management Dr. K. Nagata, Mitsubishi Research Institute	Japanese Language in Business (Association for Japanese Language Teaching)
The *Sogo Shosha's* Role as a Sub-System of the World Economy Part I Mr. Y. Oki, Japan Foreign Trade Council	The *Sogo Shosha's* Role as a Sub-System of the World Economy Part II Mr. S. Nakase, Mitsubishi
Export Risk Management for the *Sogo Shosha* Mr. K. Takahashi, Nissho Iwai	Information & Communication Systems in the *Sogo Shosha* (Field trip to Mitsui)
Mobilisation of Financial Resources by the *Sogo Shosha* Mr. M. Sato, Nichimen	The Financial Activities of the *Sogo Shosha* Mr. Y. Watanabe, Marubeni
Field trip to international bulk terminal, container yard and customs at Yokohama	
Seminar December 1980	
The *Sogo Shosha* in the Future Mr. M. Sasamoto, Mitsui	Offshore Trade of International Commodities Mr. K. Nakagawa, Mitsui
LNG Import Development: A Case Study of Multinational Cooperation Mr. S. Shamoto, Nissho Iwai	Free discussion
Employee Welfare Mr. T. Naruse, Japan Federation of Employers' Associations	The System of Trade Unions and Labor-Management Relations in Japan Mr. H. Funami, Japan Federation of Employers' Associations
Plant and Equipment Trade (Import/Export) Mr. A. Yamamoto, Marubeni	Import Case Studies: — Sporting Goods Mr. A. Watanabe, Mitsui — Farm Machinery Mr. T. Miyakawa, Mitsubishi — Water Treatment Equipment Mr. K. Mizuguchi, Sumitomo
Japanese Overseas Investment Mr. K. Kobayashi, Nissho Iwai	Free discussion and beer party
Seminar February 1981	
Round table discussion on the reports presented herein	
Farewell party hosted by the Chairman of the Sogo Shosha Committee of the Japan Foreign Trade Council	

LIST OF PARTICIPANTS EC SCHOLARSHIP PROGRAMME

Nationality	Name	Japanese Host Company for "In-House" Training
• 2nd Group (1980 — 82)		*(Hosted by a *sogo shosha*)
Belgian	Stephane SOMSSICH	Daiei Inc.
British	Michael BATCUP	Sumitomo Bank Mitsubishi Research Institute
	*Linda J. GALE (Miss)	Isetan Co., Ltd. Sumitomo Corporation Gakken Co., Ltd.
	Edward LEAMAN	Alpha & Associates
	*Paul MANZI	Nissho Iwai Corporation
	George MORTIMER	Industrial Bank of Japan
Danish	Kent DAHL	GK Industrial Design Institute J. Osawa & Co., Ltd.
Dutch	Johannes SCHELTINGA-KOOPMAN	MIPRO, Manufactured Imports Promotion Organisation Nomura Research Institute
French	Vincent DESCOURS	Toyota Motor Co., Ltd. + Toyota Motor Sales Co., Ltd.
	Robert DU MARAIS	Toyo Linoleum Mfg. Co., Ltd.
	Stéphane PECHMAJOU	Victor Co. of Japan, Ltd.
German	*Peter CHIVARI	Mitsubishi Corporation Dentsu Incorporated
	Manfred KIRFEL	Japan Steel Works, Ltd.
	*Verena MOLL (Miss)	Marubeni Corporation
	Wolfgang ROTH	Yasukawa Denki Co., Ltd. Hirata Kiko Co., Ltd.
	Wolfgang SCHATZ	Tokio Marine & Fire Insurance Co., Ltd. Meiji Mutual Life Insurance Co.
	*Wolfgang SCHMIDT	C. Itoh & Co., Ltd.
Irish	J. Desmond O'FLYNN	Suntory Limited
Italian	*Basilio BUFFONI	Mitsui & Co.
	Nadia GALLI (Miss)	Dentsu Incorporated Mitsukoshi Ltd.
	Rocco Maria MAIO	Nomura Securities Co., Ltd.
	Cesare TURCO	Dai Nippon Doboku Co., Ltd.
• 1st Group (1979 — 81)		
Belgian	Robert VAN BEL	J. Ohsawa & Co., Ltd.
	*Léon DE SCHUTTER	Toyo Menka Kaisha Ltd.; Japan Machinery Exporters' Association
	Erik FAMAEY	Mitsui Shipbuilding & Engineering Co., Ltd.
British	William EDDIS	Nomura Research Institute
	David HAYWOOD	Daiichi Jitsugyo Co., Ltd.
	Jonathan NASON	Nissan Motor Co., Ltd.
	Colin YARKER	Asahi Glass Co., Ltd.
French	Solange BAUDOUIN (Miss)	The Sumitomo Bank, Ltd.; The Daiwa Securities Co., Ltd.
	Didier BIRON	Toshiba Corp.; JGC Corp.
	Jean-Luc DIEBOLD	Toshiba Corp.
	Denis DUCHESNE	Nissan Motor Co., Ltd.
	*Yves GIRAULT	Sumitomo Corporation
	*Jean-Yves GOURDOL	Marubeni Corporation
	*Jean-Luc SCHILLING	Nichimen Co., Ltd.; The Bank of Tokyo, Ltd.
	*Régis TEZIER	Kanematsu-Gosho, Ltd.
German	*Horst BAUER	Mitsubishi Corporation
	*Rudolf HILGERS	Nissho Iwai Corporation
	*Hedda LUBBERS (Miss)	Mitsui & Co., Ltd.
	Richard SCHNEIDER	The Mitsui Bank, Ltd.
Irish	John BYRNE	TDK Electronics Co., Ltd.
Italian	*Alberto MELLONI	C. Itoh & Co., Ltd.

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INDUSTRIAL COOPERATION

Mr. Jean Pierre Bouyssonnie

President of Thomson—Brandt Group

The current status of relations between the European Economic Community and Japan is not very satisfactory, at least for Europeans. The EEC's trade deficit with Japan reached $10.7 billion in 1980 and rose over 30 per cent during the first 7 months of 1981. These figures alone underscore the urgency of solving this economic problem.

In today's world economy, industrial cooperation has become a vital necessity. Cooperation can be imposed from the outside: For example, NATO's programs for Europe and the United States, in which the governments themselves instituted the rule of fair return, with each nation's industry receiving orders proportional to its government's share of the total financial burden of the program.

Another example is where the initiative of industry itself is behind international cooperation. Various motivating factors may be involved, but they all come down to the desire to take best advantage of possibilities offered by the international exchange I have mentioned. Frequently, industry is anxious to spread the costs of research and development over the broadest possible market, and the best way to do so is through cooperation with its international partners rather than confrontation.

Whether in an institutional framework or on its own, for many years European industry has engaged in industrial cooperation and sought to expand its scope.

In the case of the electronics industry with which I am most familiar, Research and development programs have taken on huge proportions, and each company vitally needs the help of the others in the industry to remain competitive internationally. To varying degrees, this situation equally applies to many other industrial sectors.

In electronics it was primarily the defense programs which gave a strong impetus to industrial cooperation between Europe and the United States after World War II. While this took place within an institutional framework, French and European industry capitalized on its scientific and technical achievements and a desire for reconstruction and development, to create and expand the electronics industries throughout Europe. The pace of cooperation subsequently accelerated greatly between European partners and between Europe and the United States. The results were highly beneficial, not only for the companies involved but also ultimately for the growth and balance of international trade and exchange.

I feel considerable thought should be given to these historical facts at a time when an improvement in relations between Japanese and European industry has become such an urgent necessity.

It is worth noting that we have not always engaged in cooperation with American industry solely for historical reasons. Instead, a European country such as France had more to gain from cooperation with a country having a strong position in a specific area. Today, as we all recognize, Japan too has acquired a high level of expertise in many particular fields.

Subconstracting is a special type of cooperation as is the creation of customer-support operations to develop local market potential abroad. These operations many indeed help improve trade and exchange, particularly with developing countries. But cooperation between partners which are too far apart in terms of their achievements and capabilities inevitably contains the seeds of discord. There can be no true sharing of interests in such circumstances, and the benefits flow in but one direction. For both sides to be equally motivated, there must be a desire to avoid confrontation in exchange for cooperation. Since the levels of achievement in the various areas are never the same, cooperation constitutes a test of the credibility of the partner which is the less advanced of the two at the particular time and in the area in question.

We now arrive at the heart of the problem of industrial cooperation between Japan and Europe. There are two reasons why we should broaden cooperation at this time. First, the number of industries have been increasing on both sides. Second, the technological capabilities of Europe and Japan are rather similar. For France, this situation is illustrated by the fact royalties from the licensing arrangements with Japan show a clear surplus in our favor.

We can only hope that industry will take advantage of the numerous opportunities for cooperation which have arisen and can be expected in the future. At the same time, we feel confident the government agencies involved will recognize the importance of these opportunities and do everything in their power to support and encourage them.

Unfortunately, some obstacles impede such efforts. While cultural and linguistic aspects probably play an important role, the current business climate itself is creating barriers. Japan's remarkable industrial and commercial achievements in certain areas have created a dramatic situation in the corresponding sectors in Europe, thus making cooperation difficult.

We must overcome this difficulty, however. While we can ask the Japanese government and Japanese industry to understand Europe's problems, European industrialists must also be willing to meet them partway and adopt a new, dynamic approach to make cooperation a reality.

It is generally felt that Europe, Japan and the U.S. are the three main poles in the free world in terms of industrial activity, and in the sizes of their respective markets. The ideal solution undoubtedly lies in establishing an equilibrium between these poles which would stimulate new cooperation in many fields and contribute to the stability of the world economy.

Unfortunately, in achieving this goal, Europe faces a major handicap because it is divided into many separate units. The officials at the European Communities and the Commission in Brussels, in particular, have fully understood this problem. They are engaged in the tremendous task of making Europe a homogeneous entity in economic terms, able to stand on an equal footing with the United States on the one hand, and Japan, on the other. I might add that, by placing special emphasis on areas such as industrial research and development and certain sensitive sectors such as information technology, the Commission has demonstrated its desire to make a contribution to the future and to the very equilibrium I have discussed.

Achieving these goals takes much time and effort. European and Japanese industry is currently involved in a certain number of cooperative undertakings and projects. With the exception of certain special areas, the scale of these operations is still clearly modest compared to the capabilities of the industries involved.

It is my hope and desire that the problems we are now facing will not sour the climate for cooperation. We all know it is industry's role to provide the impetus for the economy, but we also know industry's prime duty is to be realistic. This realism may slow the pace of improved cooperation, but it is also a guarantee of the success of this cooperation.

As chairman of one of Europe's leading industrial firms, I strongly believe that, through a true commitment to the above goals and a determined effort to solve short-term problems in order to lay the groundwork for long-term results, we can gradually establish a reasonable equilibrium in the exchange among the world's leading industrial poles, the United States, Japan and Europe. This equilibrium is the key to sound economic conditions internationally and, in the final analysis, the very survival of the free world.

Mr. Akio Morita

Chairman of Sony

Reassessment of global resources has been underway since the major oil price hikes and oil export restrictions imposed by producing nations during the 1970s, at the same time, the world population has continued to grow at a frightening rate. Taken together, these factors have led to serious reflection on the shape of industry today.

The term "Post-Industrial Society" can be seen as an expression of these developments. Behind it lies an awareness of the limits of technological innovation and development, and an increasing loss of confidence in technology itself.

I believe this new pessimism is badly mistaken. Rather I see the need for technology increasing all the more in the years ahead. As the global environment becomes less hospitable to human life, technology becomes a key for man to continue to live happily on the planet, and for more people to be able to lead a better life.

However, one generation of technology or possibly two will need to break out of our present dilemma. We must develop new technology based on concepts entirely different from those we have known. Industries must bear enormous costs to create this new generation of technology.

Moreover, research and development costs for these ambitious programs will far exceed the capacity of any single business enterprise.

As such, I believe that the future happiness and prosperity of human society calls for cooperation in R & D that transcends the bounds of single corporations or even nations. The concorde project between France and Britain and the A300 airbus project between France and the other European nations are examples of this kind of transnational cooperation.

Generally speaking, the most important task in promoting a cooperative R & D project is to define its target or goal. Decisions on how best to concentrate human, material and financial resources will determine factors for the success or failure of a project.

One reason for Japanese industry's success lies in its ability to read the future of the market.

While Japanese industry has been absorbing new technology from overseas it has also developed technology of its own. Even in the world of arts where utmost importance is attached to creativity — artists such as Picasso was influenced by Lautrec, and Beethoven by Mozart, before they created their own arts. We have been striving to be Picassos and Beethovens in electronics. Some people in the West criticize Japan as lacking in originality and copying Europe and the U.S. Such a perception gap leads to some of the big problems we have today. In future industrial cooperation, it will be essential to share an awareness of the numerous difficult problems that mankind faces.

I believe that both European and Japanese industries realize this. But first, they must establish a dialogue and understand their common targets before they can try to cooperate. Even competitors should be ready to exchange information on R & D with an open mind. This means countries should cooperate to promote energy-saving in R & D as well as increase productivity.

Nevertheless, each enterprise must decide for itself how to use such basic development technology and what shape the final product should take. This is essential for the maintenance of free and fair competition in the market place. We must uphold the principles of free competition in a free economy, even while we vigorously pursue our goal of cooperations in technological developments.

It is regrettable that we often find things taking exactly the opposite course. For wxample, in my own field of electronics, individual enterprises vie with each other in R & D, but try to take the easy way out when producing and marketing the final product, by cashing in on technology developed by others. A typical example of this is the OEM business. OEM can be one form of industrial cooperation but it could undermine the potential technology of the enterprise that orders OEM products. An enterprise can strengthen its technological power for development if it regards ordering OEM products as a step towards self production. But if it relies on the supply of OEM products for a long period, it may prove quite dangerous.

It is with this in mind that I would like to advocate for the coming generation a new form of industrial cooperation in R & D between Europe and Japan or even on a world wide level.

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MANAGEMENT AND LABOUR RELATIONS

Mr. Karl-Heinz Briam

mber of the Board of Management of Volkswagen

agement styles and labour-manage- relations are not governed by any ial or scientific rules, they are the ssion and result of social and indus- levelopment. Historical developments produced a wide variety of systems, itions and mentalities throughout the . And I believe there is a lot we can from each other, although I do not that we can copy each other.

ny opinion there is an unmistakable rgence of viewpoints in the highly- oped industrial nations as far as man- ent styles and labour-management ons are concerned.

example, the Japanese principle of nsus, which is demonstrated in the system, bears traits which are similar German system of co-determination t it is based on the desire for coopera- instead of confrontation. One must in mind, though, that the emotional ent is important in the *ringi* system, eas the rational element plays the role in the system of co-determina-

h Japan and Europe are making great s to make the best use of labour. Com- s everywhere are realizing that eration rather than authoritarian gement is more effective. We want one to identify with his work and not me alienated because work is an tial ingredient of human existence.

om a western standpoint conflicts are table as long as people have differing ests. But it is the task of management annel these conflicts and alleviate ten-

re we should draw attention to a amental difference in the Japanese le, which is without doubt based on a e and a sense of obligation on every- part to achieve harmony. When ten- arise, the manager alleviates them at arly stage. An employee has the right he duty to make his views known to his ior in good time, so that he does not ience any feelings of frustration. The rn manager has the task and obliga- of achieving economic success com- urate with market conditions, but he must also have a grasp of the social dimension.

Profit maximisation is no longer a company target but rather a pre-condition for attaining company targets, such as supplying the market, fulfilling the demands made by society, offering a fair return on invested capital, safeguarding the material existence of employees — in fact providing conditions in the factory and in the administrative field that are conducive to human self-fulfilment.

Experience shows that performance almost always increases proportionately to the degree of integrating individuals into the economic process according to their nature, that is, by making demands on their intellectual potential.

In the West, conflicts between labour and management gave rise to trade unions which fought for their members' interests as well as encouraged them to reflect on their existence. In Japan, trade unions did not become established until 1945. Nonetheless, Japanese trade unions have spared no effort at defending their members' interests, and have operated most effectively at factory level.

Japanese trade unions have also discovered the strike medium while still retaining the medium of dialogue. European trade unions still resort to strikes today, but at the same time they are increasingly prepared to engage in dialogues with their management.

Our epoch is characterized by high technology and basic changes in the relationships of all those involved in the production process. These changes, however, do not eliminate the need for competence and responsibility in decision-making.

The manager of today must stand by a policy which is socially responsible and economically sensible. Most leading European companies have a distinct hierarchy within the management. The main task of top management personnel is to develop an efficient system, setting targets and drawings up strategic plans.

Naturally the Japanese top manager also sets his sights on specific targets. But his principal role is clearly to maintain harmoney at managerial level and to create the kind of atomosphere in which a task can be performed well.

The European Manager is the head of a team. The Japanese manager, however, appears to us to be the promoter of a group, which makes important decisions in accordance with the principle of consensus. This system is certainly more time-consuming, but the advantages are obvious: accuracy of decisions, a high degree of acceptance among those concerned, and therefore a high level of efficiency in implementing decisions. These are, therefore, the major differences in European and Japanese styles of management.

Of course there are many indications in Europe that management is beginning to put greater emphasis on the principle of co-operation. A co-operative style of management is the search for the Japanese principle of consensus. And consensus should also be extended to the representatives of the employees. It is impossible to manage a company without continual contact with those chosen by the work-force to represent their interests. It is not therefore a question of whether communication takes place within the company, rather, it is how it takes place, and with whom.

In most European countries, and also in Japan, trade unions are the negotiating parties. In the federal republic of Germany, however, work council members, who are elected by the entire work-force, are by law also empowered to participate in negotiations. Of course tensions and conflicts will continually arise, but what is vitally important is that we evolve a sensible strategy for settling conflicts through general consensus. This implies a basic acceptance of the company, its aims and its socio-political function by all those who are directly or indirectly connected with the production process.

The modern manager must strive to achieve this general consensus. Economic success depends as much on him as it does on technical innovations, on employee qualifications, and on product quality. General consensus also implies a belief in mutual success, not only economic success but success in the social sphere also. Consensus, as it exists in Japan, is clearly the result of historical developments. Europeans must comprehend that consensus is an economic and human necessity, and that institutional measures must be taken to provide for it.

Mr. Takashi Ishihara

President of Nissan Motor

There has recently been increasing interest overseas in the Japanese economy and in Japanese management. This has been on account of the remarkable economic growth realized by Japan through the 1960s and the relatively high growth rate and competitiveness it achieved even after the 1973 oil crisis.

I would like to offer a few of my thoughts on Japanese labour-management relations as an executive in the Japanese automobile industry.

Lifetime employment, a seniority-based wage system, company-based unions, and the Japanese decision making process are generally offered as the distinguishing features of Japanese management. I, however, believe that the single most outstanding aspect of Japanese management is corporate vitality.

I see basically two sources of this vitality: one being the separation of ownership and management whereby managers are able to make decisions based on long-term company interest, free from the considerations associated with ownership. The other is the fact that the Japanese company tends to be well organized, from top management to ordinary employee, into an integrated group, motivated by genuine concern for long-term company growth.

It would be well to elaborate here on long-term decision making as it is practised in Japanese companies.

The democratization of Japan following the Second World War resulted in the separation of ownership and management to the point where, today, the bulk of most big companies' stocks is held by a combination of financial institutions, insurance companies, and business corporations. Consequently, there is almost no intervention in corporate management by specific capitalists, and managers need not be overly concerned with the short-term gain of shareholders. Managers are therefore free to manage as they see fit, concentrating on long-term company growth.

This important management feature is reflected in active long-term investments in plants and equipment. Drawing on the Japanese automobile industry for a specific example, brisk investment in plants and equipment enabled the industry to realize the extraordinary growth of the 1960s. Such investment continued even through the first oil crisis of 1973. To combat rising production costs due to soaring prices for oil and other materials, automobile companies invested heavily to rationalize operations and conserve energy. During this period. the industry satisfied Japanese government restrictions on exhaust emissions—the strictest, by the way, in the world, while at the same time developing fuel-efficient, highquality automobiles to meet the changing needs of users. These efforts bore bruit as the Japanese automobile industry emerged from the second oil crises with increased competitive strength in the international market.

The other source of Japanese corporate vitality I mentioned was the through organization of companies into integrated groups oriented towards long term company growth. Growth. Rather than being mere corporate bodies, companies in Japan usually function very much as social entities — comprised of employees — and the perpetuation of the company is considered more important than reaping short-term profits.

Executives in large Japanese companies are people who joined the company as rank-and filers and who were selected for management roles after long years of service. Japanese company presidents could be characterized as representatives selected from among all employees. This empathy between executives and employees encourages the human respect that is the fundamental principle of corporate management in Japan.

With employees basically identifying their own interests with those of the company, they are willing to strive actively for the good of the company.

Quality control circles and the suggestion system are typical of the voluntary and independent activities through which employees contribute actively to corporate management. QC itself originated in the United States as a means of statistic-oriented quality control; it was introduced into Japan immediately after World War II. In Japan, however, QC was not adopted merely as a means for improving productivity and product quality; it developed here in the form of a voluntary group which works to improve both work processes and results.

QC circle activifies and the suggestion system yields important results — work-related improvements incorporating the original ideas of individual employees — and are more effectively implemented in corporate management. The also heighten employees' sense of participation in corporate management.

Recent years have also seen the extensive introduction of robots as a means of further increasing productivity and product quality. This trend has been especially pronounced in the automobile industry. Nissan's factory in Zama City is a representative example of a highly automated factory, with 96 per cent of the assembly of automobile frames being handled by robots.

I want to stress that our initial object in automating Nissan factories was to free employees from heavy and dangerous work. Robots were gradually introduced into the production system along with new car models. At the same time, the company began training their employees in a variety of skills at other workplaces, rotating them to other assignments which make best use of their respective talents. This way, a worker has better realization of his own abilities.

Behind the achievement of this corporate vitality are Japan's company-based unions. Since a company-based union consists only of employees of the respective company, the union members are strongly aware that the improvements in employee living standards are dependent on the prosperity of their company. Labour has cooperated in the smooth introduction of technical innovations, typified by robots, for promoting increased productivity.

Market functions work well in Japan today because this vitality supports intense competition between companies. This competition, in turn, contributes to that very vitality and brings still greater prosperity to the competing companies. I am convinced that this is essential for business prosperity.

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WAYS TO MANAGE THE INTERNATIONAL ECONOMIES

Dr. Guido Carli

President of UNICE

At the moment, important world organizations forecast growth in the industrialized countries at about 2.5 per cent a year. All are assuming that, between 1981 and 1986, the average inflation rates in Europe will be about 10 per cent and that the current balance of payment deficits will range between 50 and 80 billion dollars.

We live in a period of growing uncertainty, and forecasts are subject to an increasing probability of error.

These forecasts are based on the following assumptions:

—that the international financial system manages to finance the deficits in the balance of payments as estimated,

—that the differences in the rates of inflation are reflected in the rates of exchange,

—that the international trade transactions are not distorted by protectionist measures.

Further financing of the deficits of developing countries is complicated by the fact that an undue proportion of indebtedness has been incurred by a relatively small number of developing countries—between ten and twelve—two of which, Mexico and Brazil, account for one quarter of the total. According to estimates by the Morgan Guarantee Bank, the interest to be paid by 12 non-oil-exporting developing countries in 1981 will be 26 billion dollars, that is, 17-18 per cent of the value of their exports.

To meet this situation, international finance market should continue to refine existing recycling mechanisms. Nonetheless, private financial institutions are increasingly in danger of becoming over-committed to high risk countries, so there is a need for official bodies such as the IMF and the World Bank to ensure that poor countries get appropriate assistance. Regional development banks should also play a bigger role in financing such imbalances.

The great differences between monetary conditions, interest rates, rates of exchange, and rates of inflation in the various industrialized countries have given rise to considerable movements of capital which only make the internal economic and financial problems worse.

The monetary authorities of the EEC are faced with the dilemma either to adapt movements in their money supply to that of the United States, and coordinate interest rates with those in that country (thus cutting out destabilizing factors on the foreign exchange market) or to conduct separate, independent monetary policies, allowing greater fluctuations in the exchange rates of community currencies with the dollar.

The harsh, and often unexpected, fluctuations in the dollar hamper international trade; they can trigger off changes in the price of oil, and upset intervention policies within the EMS. One must then widen the margins of fluctuation of community currencies, or adjust parities, or both. The decisions taken on 4 October were the consequence of this situation.

The situation requires that member countries of the EMS should have as unified a policy as possible towards the dollar. Otherwise, fluctuations in the dollar will upset relations between the European currencies and jeopardize the stability of the system. On the domestic front, the working of the system calls for stable policies aimed at achieving more comparable economic performances by member states. In fact, present developments are disquieting.

On the one hand we have countries such as West Germany that rely for their continued development on the free play of market forces, and on enterprises capable of meeting international competition on domestic and international markets.

On the other hand, there are countries like France which believe in protecting employment in productive sectors, and restricting the openness of their markets to foreign trade.

These differences in political philosophy make it difficult to proceed with the close coordination of economic, monetary, and budgetary policies that is required.

The international financial system is going to become less able to finance the current payment deficits of the developing countries. The need to reduce the deficits could mean lower growth rates, which could give rise to social and political tensions.

High rates of inflation will go hand in hand with great differences in the degree of inflation between countries. If exchange rates are not properly adjusted to reflect the difference in price levels, they will distort trade and induce nations to resort to protectionist measures.

Resorting to monetary policies to control inflationary phenomena will mean that interest rates will fluctuate around high levels, and the freedom of funds to move from one country to another will destabilize exchange rates.

At a time when most industrialized countries are undergoing a structural adjustments to new international competitions it is essential to introduce measures to improve supply. This strategy, whose prime aim is the struggle against inflation, implies:

—strict monetary and budgetary policies.

—reduction in costs and especially a policy of wage restraint

—elimination of unnecessary regulation and obstacles to investment

—maintaining the practice of free international competition.

European industry considers that policies aimed at reducing inflation and boosting growth should create conditions which will expand world trade and ensure open markets.

It is reassuring to note that so far there has been no general resort to protectionism. The result of the Tokyo round prove this. However there are signs that the situation may not hold.

Restrictive measures that have already been applied in certain sectors could provoke reprisals, and one does not know where all this would lead.

The right approach must be to restructure at home, and consult at the international level. Since interdependence is the key to the multilateral trade system, states must bear in mind the need to have compatible overall aims and policies to keep the system going.

European industry, through UNICE, is backing up the European Commission to resist demands for protectionism by member states. However, efforts made by the EEC to keep their markets open to non-community imports do not make sense unless matched by similar efforts by other industrialized and developing countries.

The whole multilateral trade system can only be kept going if trade relations take place in conditions of normal competition with reciprocity.

No industrialized country should practise a trade policy aimed at shifting onto other industrialized or developing countries its part of the burden created by the OPEC surpluses.

While making due allowance for Japan's problem in having to pay for its energy supplies, its raw materials and its foodstuffs, the Community and European industry are deeply concerned about Japan's every-growing surplus in its trade with the EEC. In 1980 the Japanese surplus amounted to 12 billion dollars, and prospects for 1981 are not at all good, since the Community deficit with Japan over the first seven months of 1981 rose 30 per cent compared with the same period in 1980.

European firms are trying to step up their exports to Japan, but these efforts will remain fruitless unless Japan provides, which it does not do at present, market access, in terms of import policy and foreign investment facilities, comparable with those offered by other industrialized countries.

UNICE therefore asks for equal treatment on the Japanese market. This does not only concern the EEC, but also applies to Japan's other, equally important, trading partners.

I believe the Japanese government and business circles are aware of the need for lasting solutions which would really improve trade relations between the EEC and Japan. The recent visit to Europe of a mission headed by the President of the Keidanren illustrates this. The declaration of Mr. Tanaka on 14 July 1981, moreover, which echoed an earlier one by Mr. Ushiba in 1978, is very interesting. These promises, however, will not mean much unless followed by practical measures giving tangible results.

It is our duty, and our interest, to hold out against protectionist pressures, and to maintain the multilateral trade system in good shape to ensure that the economic crisis does not worsen.

Japan has chosen to belong to the liberal system of industrialized countries. Its enormous success is partly due to this. Its trade partners, therefore, cannot see why it should not assume the responsibilities of a great economic and trading power.

Mr. Toshio Komoto

Minister of State for Economic Planning

The economic relationship between the EC and Japan occupies an extremely important position in the world economic framework. Moreover, the EC member countries and Japan share the fundamental belief that a free economic system based on market mechanisms is more efficient and offers greater growth potential than a centralized and planned economic system.

With sluggish economic growth prevailing throughout the world, however, many industrially advanced countries confront dilemmas of how best to combat inflation and unemployment. This is leading to protectionist trends in some of those countries. Our free economic system is, in a very real sense, facing a serious test.

It is vital, then, that we find a way out of the vicious circle of inflation and unemployment and reaffirm the principle of free trade. At the same time, we must revitalize the world economy and provide a stable, long-term prosperity. The cooperation of every country will be essential to achieving these goals. The world economy is now beset by stagnation, a continuing upward price spiral, rising unemployment, and balance of payment difficulties between countries. Every country faces the task of fighting inflation and reducing unemployment, thus creating an environment for protectionism.

The two oil crises were the main causes the stagflation we are experiencing now. Sudden substantial jumps in oil prices have given rise to strong inflationary pressures, leaving countries no other recourse than to adopt tight money policies to arrest inflation. At the same time, the shift of incomes to the oil producing countries is functioning as a major deflationary factor.

Japan has managed to sustain relatively good economic performance despite these difficult circumstances. I believe that this has been due largely to two basic factors. One is that Japanese companies, with their vitality, have continued active research and development and investment in plant and equipment to raise productivity and make factories more energy efficient. The other is that labour, free from expectations of rampant inflation, has settled for moderate wage increases.

Oil prise rises, however, are not the only causes for stagflation. It can also be traced to structural factors inherent in all the afflicted countries, including rigid patterns of wage settlement and declining productivity due to slackening investments in research and development and plant and equipments. These structural factors must be remedied if these countries are to extricate themselves from their economic plight.

Many of the industrially advanced nations are now making new efforts to improve their supply of products. They are promoting research and development, encouraging plant and equipment investments, trying to increase productivity, and promoting the positive adjustment policy (PAP). We look forward to the fruits of these endeavors.

Given present difficult economic conditions, business and labour in many countries are spearheading protectionist efforts to shield sluggish domestic industries from the proliferation of imported goods.

Countries may serve their domestic producers' short-term interests by imposing trade restrictions. The countries will face serious mid- and long-term problems, however, unless they introduce measures to improve supply of products and make other industrial structural changes at the same time. Such restrictions would also hinder the economic development of newly industrialized and developing countries. The adoption of trade restrictions would therefore ultimately have a negative impact on entire the world economy.

At the Ottawa summit in July, we reaffirmed the importance of liberal trade policies in revitalizing the economies of the leading industrial countries: We must reject protectionism — which is inflationary and, in the long run, diminishes, industrial vitaliry — and maintain and fortify our free-trade system. These efforts are absolutely essential, not only to revitalize our own economies, but to develop a stable world economy. We should all be aware of this necessity and actively promote adjustment policies to upgrade our respective industrial structures.

Energy problems remain a major constraint on our economic growth. All countries need to further intensify their efforts to conserve energy and develop alternative energy. They should work to diversify their energy supply sources while at the same time maintaining a dialogue with oil-producing countries.

At present, world demand for oil has eased and prices are steady. This is because countries have built up their oil stocks. They are concerving energy as well as developing alternative energy such as nuclear energy, LNG, and geothermal energy. Even this much progress underlines the importance of countries cooperating in these areas.

Having endured two oil crisis, non-oil-producing developing countries in particular have accumulated huge debts. These countries' import bills have risen sharply as they have had to pay more, not only for oil, but also for the manufactured goods whose prices have been pushed up by oil price hikes.

They continue to pile up current account deficits to the point where some are having serious difficulty raising the funds to repay their debts.

The economic failure of these countries would have grave consequences on world trade and international finance. In order to help them with their debts, we should facilitate the smooth recycling of oil money, primarily in private markets. Financial assistance should also be granted through international agencies, and governmental-level economic cooperation.

These countries, of course, must first help themselves. Their economic stability, however, affects the healthy development of the entire world. Developed countries, therefore, must fully realize this and give them support.

Finally, I wish to mention that Japan intends to actively cooperate with all countries, developed and developing, to resolve the problems facing the world economy. For that, we will have to endeavour to achieved economic growth centred on domestic demand, promote positive industrial adjustment, and work to establish a mutually beneficial division of labour with our trading partners.

Along with the stepped-up promotion of industrial and technical cooperation, the expansion of more trade will be essential to realize these goals.

Japan is one of the countries that benefits the most from the stability and development of the world economy. Moreover, our country is in a position to contribute greatly, through its own economic growth, to that very development.

I am convinced that the maintenance and expansion of smooth economic relations between the EC and Japan will be conducive to the development of our free trade system and thus to the world economy as a whole. I hope that we will continue our unstinting efforts on behalf of deeper mutual understanding.

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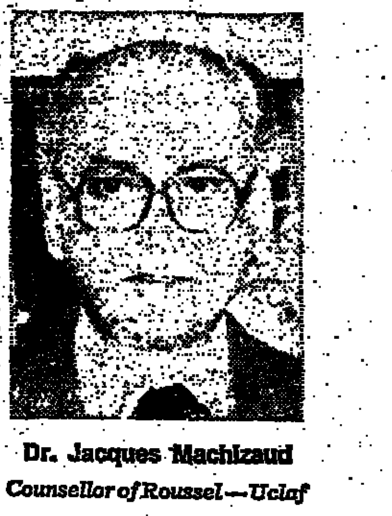
ECONOMIC DEVELOPMENT AND CHANGES IN SOCIAL ATTITUDES



Dr. Jacques Machizaud

Counsellor of Roussel—Uclaf

roup of Japanese visiting Europe ly declared themselves greatly sed to find so many people in Europe ; them: "We Europeans must take ; our model." The Japanese had gone ıdy European advances in social ıtion, social security systems, annual patterns, trade union pressures, and nent age.

: currently fashionable for European ılists to preach the virtues of the nese model" — the Ringi system, the of consensus, and "Quality Circles". reaction of that group of Japanese l serve as a valuable reminder that may also have something to learn Europe.

n though we have different social and al systems, there are certain things uld teach each other about ways of ; up to the challenge of current world nic trends.

course, we have to consider that our ies are very different.

an appears to have kept a better hold ancient traditions; A visitor to Japan ind the living evidence of customs are centuries old yet do not seem out ce in an advanced industrial society. Europe, on the other hand, many old ions have been lost, local customs and ays have vanished. Industrialization ten cut people off from their roots and pid growth of big cities has destroyed y ties and religious observances.

Japan, as far as one can tell from tics, people seem to live in harmony: expectancy (78 for women and 73 for , is higher even than in Scandinavia, infant mortality is less than 9 per and, twice as low as it is in the United s. Crime rate is falling (down 50 per between 1948 and 1973), workers are y in their jobs, and European-style es, where people actually stop ing, are virtually unknown. Ninety-one ent of the population consider them- s "middle-class". Who could wish for e harmonious society than that?

at has made this "Japanese miracle" le? Sociologists explain that Japan managed to retain certain char- stics of a tribal society: communal feeling is more highly developed, and the family better insulated from outside pressures.

The labour force in Europe is much less homogenous than the Japanese one. For years there were labour shortages, and a large workforce was drawn in from poorer neighbouring countries and even from overseas.

But since the first oil crisis the rate of economic growth in Europe has plummeted, with an immediate effect on employment. The problem is made worse by new types of automation and robot-manned production lines. There are now nine million unemployed in Europe, the highest in the last forty years. The effects on the economic, social and political situation could be profound, both within the Community itself and in those neighbouring countries which depend on it for much of their trade, or the foreign currency.

In these circumstances, public opinion in Europe has become highly sensitive to anything which seems to suggest that things may get even worse. So imports from Japan have become hot newspaper copy and favourite topic during parliamentary question time at both national and European level.

The variety of nationalities and cultures among our work force probably make it less united through these difficult years. Yet we cannot solve out unemployment problem by sending home the immigrants; to do so would wholly "destabilize" a number of neighbouring countries.

The only thing we can do is press on with industrial investment to create new jobs. Our Japanese friends could step up their European investment in certain industries. This would transform Japan's image in European public opinion from that of an exporter of unemployment to that of a net provider of jobs.

In contrast to the situation in Europe, in Japan certain social factors, particularly the unity of the Japanese people and their skill in coping with a capricious environment subject to earthquakes and hurricanes, have apparently made it easier to manage the transition from feudal society to the Meiji period, and thence to a modern industrial society.

I believe, too, that Japan's high level of education is of crucial importance. A highly-educated workforce is able to cope with all the changes involved in the introduction of new technology. This is something we should bear in mind in thinking of our own education system.

But we too have a skilled labour force, which *can* adapt. I could give you several examples but since Mr. Morita is with us, I will mention one of these success stories: the Sony factories in France and the United Kingdom. Our workers are perfectly capable of adapting to Japanese production methods if need be!

But given that Japanese society has successfully coped with the change to an ultra-modern economy, while we in Europe still have a great deal of "adjusting" to do, is the situation really all that different? I do not think so.

II. Economic development in Japan and Europe is likely to produce a certain amount of convergence between the two which is necessary if we really want our relations to develop smoothly.

We are both dependent on external sources for our supplies of raw materials and energy. Why should we not come together more often to try to find ways of solving these problems?

We are also faced with similar internal problems such as pollution or urban overcrowding. Unlike the United States, Europe and Japan are comparatively small, densely populated areas.

III. Despite the hopes I place in a certain degree of convergence between our societies, I think also there may be a risk that Japan might feel tempted to set itself apart from Europe and America and try to become the world's largest economic power.

First, the Japanese Institute of National Economy forecasts that by 1990 Japan's per capita GNP would exceed that of the United States ($29,000 as opposed to $27,730).

Secondly, there are now proportionately more research workers per head of the population in Japan than in the United States or Europe.

While one understands Japan's desire to harness all its intellectual and social resources to become a number one industrial power, it would be most worrying if this were to happen at the expense of international harmony. There must be a measure of reciprocity. Japan must acknowledge that the time has come to lower the last remaining import barriers in the areas where it is weak, and where Europe could compete effectively.

Does the desire to protect the interest of Japanese firms, for instance, really justify the delay in issuing import authorizations for important drugs which are common in Europe or the United States?

We are not convinced by the reasons Japanese authorities have given us for blocking these imports because all these drugs have already undergone the necessary tests in Europe or the United States and they are just as stringent as the Japanese tests. You are costing foreign exporters a considerable amount of time and money by shutting out their products because of minor differences in rules.

European chemicals or agrichemicals manufacturers run into similar problems, sometimes on public health grounds but also because of the complex Japanese rules and regulations.

Preventing foreign exporters from taking advantage of their strengths and allowing Japanese firms to go on with their policy of autarky is not the way to restore the trade balance.

Encouraging foreign investments in your country will put our relations on a firmer footing and improve communication between us.

As a European businessman I think it would be most unfortunate for Japan itself if Europe were to decline into a "second-rate group of countries" while I do not think for a moment that it will, Japan could lose one of its best customers and potentially one of its most important partners in international relations.

I am convinced that a symposium such as this can help people in both Japan and Europe become aware of the need for closer cooperation to work out a series of industrial agreements so that we will have these firm bases on which to construct solid and mutually profitable links between us.

Mr. Gakuji Moriya

Counsellor for Mitsubishi Heavy Industries

1. CHANGES IN SOCIAL CONSCIOUSNESS

The Japanese social consciousness has changed drastically over the last thirty years — almost as mush as it did after the Meiji Restoration. Westerners say that we Japanese have a strong tendency to sacrifice our private lives for the larger group. That was true particularly before the Second World War. However, even at that time, the existence of the individidal was not ignored. The Japanese had to work as a unit in order to catch up and become as prosperous as other western industrialized countries.

Two main factors brought about changes in the social consciousness after World War II. First, Japanese political, economic and Social structures were reorganized on democratic principles. Secondly, economic growth dramatically improved the material well-being of the Japanese people.

The average Japanese household today possesses about the same quantity of durable consumer goods as their counterparts in Europe and the United States. In fact more Japanese have electronic products such as colour TVs and VTRs in their homes than do their European or American counterparts. And we do not just buy domestic consumer goods either. Just walk into any department store in Japan: you will see Japanese consumers crowding around all types of fine products such as furniture, clothing, jewelry, ceramics, groceries, and liquor, imported from various parts of the world.

Japanese consumers still face one serious shortage, however. Limited land and a dense population has increased housing demand, but changes in lifestyles and the family structure have made it very costly.

Economic development has also changed Japanese attitudes and values. More people are giving greater weight to free time and leisure. According to a 1978 Government social survey only 16 per cent of respondents value wealth and success, compared to 20 per cent in 1953, while 32 per cent emphasised the quality of life, 32 per cent higher than 1953.

Japanese consumers' scope of leisure activities has also expanded rapidly to meet these changing values. Japanese enjoy television, art exhibitions and musical concerts. Tourism thrives as do golf, tennis, and other sports. Traditional recreational activities as *Haiku*, tea ceremony, *Bonsai*, and *Go* enjoy a steady following.

Just as the Japanese like to achieve the perfect form in their poetry or their *Bonsai*, so they also try to create a perfectly coordinated industrial product. Japanese corporations have produced finished goods based on technology learned from the U.S. and Europe, implementing their production procedures and making intricate improvements. The success of quality control in Japan provides the best example of this process.

2. EMPLOYEE ATTITUDES TOWARD THE COMPANY

Although the social consciousness of the Japanese is similar to that of people in other industrialized countries, there clearly are some uniquely Japanese traits. One is the attitude of employees towards their companies. As you know, Japanese have a strong sense of loyalty toward their company, a fact that makes Westerners think the Japanese disregard the individual for the group. Furthermore, life-time employment, the seniority wage system, and company labour unions all foster company loyalty.

These systems date back to right after the Second World War. Then, labourers had to struggle to increase their earnings, but they also had to cooperate with management to keep the company afloat amidst the severe economic conditions.

Even now, there is no legislation governing joint labour-management decision-making as there is in West Germany. But most Japanese corporations have a system in which labour and management can exchange information and opinions on important managerial problems.

Even if there is disagreement, most Japanese corporations can maintain conciliatory and cooperative relations with their workers because labour unions acknowledge the fact that their existence depends on the company's existence. Without such a cooperative relationship, a company cannot succeed in Japan.

Furthermore, in Japanese corporations, even employees who have completed higher education begin their business career at the bottom of the ladder. Those employees with higher education, who have accumulated actual work experience, join the ranks of middle-level supervision and can be promoted to management. The management people can therefore develop close working relationship with a wide range of employees and fully understand the nature of their duties.

Productivity in Japan today is very high. This capacity and effective quality control, depends largely upon this type of labour-management relationship.

However, Japanese corporations will face one great problem in the future. How can corporations maintain their vitality, as more and more employees move into the upper-age brackets? At present, the percentage of the population aged 65 or older is still only 9 per cent, lower than Europe or the U.S. By 1990, however, the figure for Japan will reach 11 per cent. and by 2000, 14 per cent, or the same as Europe and the U.S. today. The percentage of people over 55 in the labour force was 16 per cent in 1978 and will increase to 24 per cent by 2000.

The aging of the labour force, given Japan's customary system of life-time employment and wages based on seniority, will mean a huge increase in personnel costs. It will also lower productivity so that companies will have to rely on automation of operational methods and production facilities. Then work will have to be found or created for those employees who are no longer suited for the traditional workplace.

Some Japanese corporations have already begun to implement in-company education and training for middle- and upper-age-level employees to adapt to new technology and systems, and labour unions are cooperating positively in this effort.

3. MAINTAINING THE VITALITY OF MATURE INDUSTRIAL SOCIETIES

In a highly organized industrial society the individual's pursuit of happiness relies on an environment of [illegible] social and economic growth. [illegible], we must stamp out the present [illegible] stagflation. And to do that we [illegible] implement technological innovations in a wide variety of fields. This makes increased cooperation among the industrialized nations all the more desirable.

There is still another social problem we shouldn't ignore: We cannot blindly delight in the fact that technological progress has produced robots and unmanned factories which free people from the toils of labour. We should be aware that they also increase the possibilities of unemployment. In the future, Japan, like other industrialized nations, will have to shift emphasis from manufacturing to engineering and consulting. This way, the industrialized nations will be able to distribute more technology and services to the developing countries and help their economies grow, industrialized nations will profit, in turn, as the world market expands. Ultimately these efforts will serve to increase the material well-being of peoples throughout the world. We would like to join hands with the people of the EC nations to pursue this course in the future.

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PANEL DISCUSSION

Mr. Naohiro Amaya
Adviser to the Ministry of International Trade and Industry

Amaya: After the World War II the United States and Europe signed the Atlantic Charter and institutionalized the existing international trade order. During the 1950s and 1960s, U.S. was the main pillar for free international trade, supported to an extent by Europe. Japan, which was slower to industrialize, lagged behind. Since 70s, however, the situation has reversed with Japan obtaining a competitive edge over other nations, followed by the U.S. This time, European industries faced difficulties. As more countries faced economic difficulties many industries became less supportive of free trade systems. Japan, as a leading economic power, has to support the free trade system, but it has not got the power that the U.S. had in the postwar.

The present world situation is still not as negative as it was in the 1930s, but if we leave the situation as it is, unemployment will rise and more people will become protectionist. Protectionism is somewhat like terrorism. A terrorist attack causes retailiations, and we start a vicious cycle. There's such a danger now and we must stop it. But it's impossible for Japan alone to uphold free trade principles. It needs a healthy Europe and a healthy United States. In our panel discussion, we would like you to suggest how we can open up the markets.

Mr. Edmund Wellenstein
Special Counsellor to the EC Commission

Wellenstein: I had been actively involved in talks between Europe and Japan back in the 1960s. Looking at the situation now, everything sounds oddly familiar. In the late 60's we had a deficit of not less than one billion dollars. Now the figure has increased *tenfold. But the seriousness of the* situation has also increased as all this takes place in a background of severe recession. For the Japanese, who talk of an annual growth rate of four or five pc, this may sound unreal: you said a while ago that the situation wasn't as serious as the 30's. I'm *afraid for some European countries, it is as* serious. Mr. Tanaka explained to us yesterday that the Japanese are having a difficult time with a number of small and medium sized companies going bankrupt. I'm afraid, in Europe, quite a number of big businesses are going bankrupt. Moreover, *many of the European governments are too* weak to cope with the problems. So we can only expect limited growth or negative growth for most European countries.

Japan has admirably become one of the main pillars supporting the world economic relations together with North America and Western Europe. But the whole system will be in grave danger if one of the corners of the triangle weakens. None of the three parts can go it alone. I think we should extend our debate to the wider dimension of the world and the repercussions that a collapse of such a system could have.

Mr. Paul Fabra
Senior Editorial Writer of Le Monde

Fabra: One mustn't forget that the system constructed after the war was a two pillar system. It was based on free trade and on the Bretton Woods monetary system. And Bretton Woods system was a condition for free trade because it was genuine monetary system. What we are living with now is a non-system. Under a genuine monetary system, interests rates and inflation rates didn't differ so much be*tween countries. At present,* the going spread between interest rates are provoking huge displacements of capital which have disruptive consequences. I totally disagree with the theory that the two oil shocks caused our current economic problems. Rather, it was the collapse of one of the pillars of the system, the Bretton Woods pillar. The first oil shock came after two devaluations of the dollar and the ultimate collapse of the foreign exchange system. And the Arabs reacted to the collapse the second oil also followed: a weakening dollar and the tremendous inflation wave caused by central banks in Europe and Japan buying billions of dollars. I think our discussions about EC-Japan relations could be healthier if we didn't stick to figures. Figures are important but they can be distorted. For instance, we say, Japan is selling a lot of cars in Europe, and the Europeans aren't selling enough cars in Japan. Obviously the Japanese are buying Japanese cars for the same reason Europeans are buying Japanese cars — because of the competitive quality for the price. Since then we have been adjusting our industries. Without the Japanese challenge European car producers probably wouldn't have made any changes. Having said that, we must realize that the current situation is very seious. We're living a world where conditions of free trade don't exist any more.

But as even the theoreticians of free trade have argued, industries have to have protectionism for a while in order to surmount transitory difficulties. We obviously have to seek some kind of solution for the unemployment and disorders plaguing Europe. In order to permit free trade to survive we must together try to manage some kind of transitory solution to make things less difficult for the Europeans.

Mr. Yasuo Takeyama
Managing Director/Editorials
The Nihon Keizai Shimbun

Takeyama: Many changes — political, economic and cultural — have swept the world. And I can't keep but wonder if Europe isn't lagging behind them. At the Ottawa Summit, nations explicitly appealed for "need for change...changes in expectations about growth, in earnings, change in management relation and labour relations and practices, changes in pattern of industry, in the direction of investment and change in energy use and supply."

What kind of changes can we expect of Europe? You're still maintaining more trade restrictions compared with Japan. What kind of innovations in labour-management relations can we expect from you to strengthen competitiveness? In cultural information, the perception gap is wider than those between the U.S. and Japan. While Japan has painstakingly studied every aspect of Europe, the so-called European experts on Japan still have erroneous notions of Japan. Everything is moving very fast in all directions in Japan. Otherwise Japan cannot live as a nation. And unfortunately, perception always lags behind realities. To narrow this gap, I sincerely hope the Europeans will try harder to understand fast moving contemporary Japan as your ancestors have done more than 400 years ago. I intentionally didn't touch on practical ways to reduce the undesired huge trade surplus Japan has with Europe...Because the uppermost problem depends not on technical cures, but on the basic recognition of what kind or world we want to build, and in which way we can cooperate for our mutual benefit.

Sir Julian Ridsdale
Chairman of the British—Japanese Parliamentary Group

Ridsdale: As a politician I have to deal with people who are unemployed. The present unemployment rate in certain constituencies in the north of Great Britain is now 20 to 30 pc — very high indeed — the kind of unemployment rates which started Hitler on his road to the fatal consequences, and the kind of unemployment which caused the nationalism of the 30s. Indeed this is what worries me. We've got to get back the vision of Bretton Woods in a statesman-like way. We've got to think of recycling the oil dollars. We've got to think of investments on a grand scale to get the imbalance right. The trade imbalance in Europe at present is dollars 40 billion a year. I know your country does things in big terms. You have created so many things in such a short time. I hope you will, not argue in petty ways about whether we should impose whisky tariffs or not...but think of serious problems that affect the world. Unless world leaders face up to the reality in world trade and gets the system going again, we shall go back to the protectionism which all of us are trying to prevent.

Mr. Taiichiro Matsuo
Chairman of Marubeni Corporation

Matsuo: I'd like to comment on some *existing problems.*

1. When you say the Japanese market is closed, you often tend to think of very specific cases and then apply it to the general picture of how things are here. We'd like you to be more specific in your definitions and deal with each case differently. We also hope you will make better use of the Japanese external trade organization (Jetro) which is enthusiastic about solving your problems.

You mentioned difficulties in the pharmaceutical field. We share your feelings about procedures which are often troublesome. But they falls under the pharmaceutical law, different from ordinary import regulations. Even in the United States have strict FDA regulations. So these conditions aren't just peculiar to Japan. Regarding tariffs on whiskey and biscuits — we hope this matter will be taken up by the Government.

2. Import of capital goods and machines. Right after the war Japan was importing a lot of machinery from abroad, but since it has restructured its economy, it has shifted to production under licensing. However, it is still importing those ones not suitable for licensing.

European exporters unaccustomed to Japanese market understandably find it difficult to penetrate the market. However, recent rationalization and simplication of the distribution system has made it a lot easier, although the system differs with different products. So we hope you will make more effort to understand the system. We *don't want you to think that the* complex system applies to every industry. We should promote technological and investment exchange and cooperate in third markets. We can do this on government level and through private organizations. This way, Japan and Europe could complement each other in helping developing countries. It's significant that we' been able to conclude agreements on government insurance systems with Belgium, United Kingdom, France and Italy. We hope for more opportunities where we can work in a consortium in third markets. The amount of contracts involving Japan-European consortia amounted to dollars 1.6 billion. The trend is increasing, and we hope this cooperation will continue.

Takeyama: I think the yen should be about 180 to the dollar to rectify the balance of payments disequilibrium: But this may be difficult because of the high interests rates in the U.S. The U.S. director general of Budget and Management office predicted that U.S. Federal Government deficits may reach dollars U.S. 100 billion by fiscal year 1984. I would like the Japanese Ministry of Finance to vigorously liberalize interest systems. One area for increasing imports is in aircraft and defence equipments. I hope Europe will provide even more competitive terms than those *provided by the U.S. Export-Import* Bank to export aircrafts. As for curbing Japanese exports to Europe, I'd like to think some Japanese industries are courageous enough to adopt voluntary restraint. But on one condition: that the other party won't extend it beyond the agreed period. Many Japanese may oppose my idea, but one other suggestion is to adopt a unilateral export change. Japanese exports should be levied with a surcharge. The revenue from export surcharge should be used for research and development and new global projects such as the second Panama canal.

Amaya: In summary, the economic situation in Europe is very serious and there is danger that it will become increasingly protectionist. We must take a look at the "fire" that's started in Europe, and we must come up with urgent means to counteract the fire. We have to find ways cooperate in industry. We should consider what the yen exchange rate should be and how Japan should increase imports.

Wellenstein: As far as I can see, the United States also seems to be having problems penetrating the Japanese market. The trouble therefore seems to lie in nontariff barriers. I agree that much more effort has to be made by Europeans and Americans to enter the Japanese market. And it's not just by lifting tariffs on whisky or biscuits either. Japan can also increase its share of aid to developing countries. I have noticed that you have spectacularly increased your contributions, but it came late. You are still far behind by what a country like Japan can do.

[هكذا من الأصل]

THE SHORTER WORKING WEEK

More than a tea break at stake

By John Lloyd and Arthur Smith

Trevor Humphries

Ford's engine plant at Bridgend, Wales: the company takes a hard line on the 39-hour week

SSUE of shorter working has been dramatised by urrent strike at BL's idge plant, and popu- by its linkage with the ially evocative theme of aks. Yet it is a serious with a long track

ite the tea-break, it is purely British concern. unions abroad also see a etween a reduction in g hours, or of the work- week, and increased ment, *and the case for* iade more vigorously as loyment totals climb.

rance, the issue was a plank of President and's election pro- e earlier this year. The sts proposed lowering rking week from 40 to urs primarily as an ment creation measure, *o to improve the quality* king life.

pledge is being put into *nore gradually than* pre- n propaganda might have ted. Legislation to limit rking week to 39 hours een prepared: it is d to go to the Assembly onth, and its passage is accelerated by means of ee procedure. However, ll says nothing on the week—though that s the Government's aim.

West Germany, the her Gewerkschaftsbund —the highly centralised eration of German unions shown considerable t in cutting working time mployment rose over the hree years. Indeed, in the powerful IG Metall and engineering union d an unsuccessful six- trike in support of a claim shorter week. The DGB ered putting a claim for our week in its negotia- ckage last year: this year ched to suggesting a five- rop in retirement age to en workers would be laid t retain around 90 per f their pay.

pressure on the unions employers and Govern- nounts, the DGB appears to drop that demand, too east for this year—in of a simple wage claim.

the UK, the standard or most manual workers s 40 hours, though no lon exists which speci- e maximum "standard" before overtime). Trade unions as well as employers have traditionally resisted legislation in this area—though the TUC now appears to be moving towards support for such measures, in part under the influence of the Mitterrand policy.

However, both the BL dispute and the linked but less publicised introduction on the first of this month of the 39-hour week in the engineering industry—directly benefiting some 1.5m workers—provides a good case study of the immediate effects of such a move.

The experience of BL, though an exception—the company has withdrawn from the Engineering Employers Federation (EEF) but agreed to honour the terms of the 1979 agreement—is instructive. Negotiations on the 39-hour week were delayed until September 4 this year: ad hoc meetings of union officials had to be called because of failure to agree the composition of a new national negotiating body. The company conceded union demands that the cut in time should be taken as one hour rather than as a 12-minute reduction spread over five days—an issue that has divided many other companies.

BL insisted the only way to fund the move was through a cut in relaxation allowance—the time given for tea breaks and rest periods—from 51 to 40 minutes a day. The unions countered that productivity gains of 30 per cent and 40 per cent claimed by the management at plants such as Longbridge and Cowley were sufficient to fund the increase and that relaxation time should not be disturbed.

Some companies in the engineering industry have conceded that point. They have chosen to ignore the implied 2.56 per cent cut in capacity caused by the 39-hour week because there have already been changes in working practices—and much greater flexibility, partly as a result of short-time working and the fear of unemployment.

At Longbridge, where workers voted grudgingly 60-40 to return to work, the proposals for the 39-hour week after the strike ended proved too much and prompted a walkout by 2,200 workers. But why should militancy be confined to particular sections of employees? BL claims that more than two-thirds of its 36 plants and more than half the 58,000-strong manual workforce are already working the new relaxation allowance.

The men who walked out at Longbridge are on the final assembly tracks of the Mini, Metro and Allegro models. For such people the tracks not only do not stop but also dictate the pace of the job. Tea breaks and relief periods are arranged with "slip men" who will deputise.

According to the unions, there is considerable alarm that the cut in relaxation allowance requires a consequent 25 per cent reduction in the number of slip men: in essence, that would mean that the reduction in hours had the exactly opposite effect to the one the unions intended — it would reduce, rather than create, employment. The company argues that alternative jobs will be offered.

At Ford, that distinction *is* recognised and track workers are allowed 40 minutes' relaxation time with much of the rest granted *only 28 minutes. Ford*, which is not a member of the EEF, has taken a hard line about the 39-hour week, refusing to make any concessions unless the unions guarantee to maintain capacity.

Managers have two powerful aids in their efforts to bring in the reduced working week without increasing costs. First, the working week agreement signed by the engineering employers and the Confederation of Shipbuilding and Engineering Unions not only specifies that there shall be no increases in manufacturing costs, but also lays down that "the methods to give effect to this principle shall be determined by the employer after consultation with his employees." Cutting back on breaks or any other form of making up for lost time is, in the end, out of the unions' hands.

Second, though the unions won the reduction after a struggle, their ability to press the advantage has diminished over two years of soaring unemployment. Companies will stick to the agreement, but there is evidence, even at this early stage, that the more determined among them will use the letter of it to achieve productivity improvements and better working practices which will at least balance the extra costs incurred.

Anecdotal evidence from the EEF, and from its members and regional associations, is that:

- A large number of companies have clawed back some or all of the one hour lost—2.5 per cent of working time—by either cutting breaks or (more usually, according to the EEF) cutting *waiting time during the work* process by improving production flow and stock control, or *keeping a sharper eye on early* finishes and late starts.
- Many companies—especially those who have left planning for change to the last minute—have put their proposed changes through disputes procedure. However, in some cases, reductions in breaks or other changes have been accepted, or imposed unilaterally, without substantial negotiations and without much, if any, reference to district union committees. Both managements and company stewards have a vested interest in keeping quiet about these deals, but it seems likely they are numerous.
- The stimulus given to managements by having to implement the agreement has, in cases, resulted in productivity savings and efficiency measures which more than outweigh the 2.5 per cent loss in production time. In no case reported to the EEF, or discovered in research for this feature, have companies employed 2.5 per cent more labour, or indeed *any*. In the case of BL, the pressure has been in precisely the opposite direction.

These early findings have been underpinned by two recently-published reports on shorter working time, both of which draw on a large fund of case study material. The shorter of the two, by the Policy Studies Institute,* concludes *that* there is "little or no evidence that firms which had already reduced working time had been recruiting more workers . . . the implication was that output could be maintained without an increase in employment."

The second, much larger report by the Anglo-German Foundation† also found that "*the hypothesis* that a given volume of labour can be so redistributed as to reduce the average working time of persons employed and so increase the total numbers employed" to be "too simple to yield any indications of the real effects of a reduction in working time".

If, then, the evidence does not support the expressed desires of the unions that less hours leads to more jobs, what are the benefits—especially for workers whose companies may actually suffer a loss of competitiveness? Clearly, an extra hours leisure is a gain, and one which both studies note are often seen by workers as important as increased wages. The Anglo-German study mentions a decrease in overtime and absenteeism as possible gains, too, while a sharper decrease in hours—say, of 10 per cent—could work through to an increase in employment.

Less obviously, but perhaps as important, the study notes that only one in 50 manual male workers is on a 35-hour week, compared with one in five male white collar workers. A narrowing of the substantial "leisure differential" between these two groups has been seen by the engineering union as a major plank in its bargaining

*"*Case Studies of Shorter Working Time,*" *PSI, October 1981;* †"*Working time in Britain/Working time in West Germany / The effects of changes in working time on competitiveness:*" *Anglo German Institute, November 1981.*

OCCUPATIONAL WORKING TIME PATTERNS

Full-time adult employees: April, 1979

Weekly	Manual		Non-manual	
All employees	M	F	M	F
Basic hours*	39.8	38.5	37.1	36.3
Overtime hours*	6.3	1.1	1.6	0.4
Overtime pay as percentage of earnings*	15.0	3.5	3.5	1.2
Those receiving overtime pay				
Percentage of all employees	58.5	17.5	20.3	10.3
Overtime hours*	10.6	6.1	7.2	4.0
Overtime pay as percentage of earnings	23.4	16.4	17.1	11.1

* Average figure

Source: New Earnings Survey

Lombard

How Mars Bar defeats inflation

By Nicholas Colchester

THE cumulative change in the real value of the pound since the Second World War has been so great that most people are now completely disoriented when attempting to compare prices over any period of time. Have we become richer? Is the cost of that once-in-a-decade purchase reasonable? Far from telling us where we stand, our pay cheque has become an opiate to protect us from unpalatable reality.

In my own effort to regain my financial bearings I have *become increasingly addicted* to the Mars Bar. The Mars Bar is a currency for our time: it is a *long-established* basket of staple commodities (cocoa, vegetable fats, milk solids, sugar) packaged with great consistency in the form of an ingot. As such it is a reliable unit of account—certainly more reliable than gold, which is prone to speculation — and it preserves a remarkably constant real value. I have measured my wealth in Mars Bars since an early age, though the motive for doing so has changed.

Price changes

The table shows some selected price changes since 1940. It may seem absurd that the pay of the young graduate joining ICI has gone from £275 in 1940 to £5,700 today. Yet in real, which is to say Mars Bar, terms his pay has advanced modestly, rising from MB 33,000 in 1940 to MB 38,000 today. This means that the modern young man is only marginally better placed to buy his first small car. The Morris 8 would have cost him MB 19,200 in 1940 while the Mini costs MB 19,333 today.

It would be surprising, indeed suspicious, if everything displayed Mars Bar price stability. The Mars Bar standard helps us see where the young executive is worse and better off. His train ticket to Oxford has dropped in price from MB 50 to MB 35 over the forty years. But a helping of roast beef and Yorkshire pudding at Simpson in the Strand has risen from MB 24 to MB 39 today.

Unattainable

The chairman's Rolls has become still more unattainable. In 1940 it cost MB 204,000 (£1,100 for the chassis, £600 for the body from Park Ward). By *1960* it cost £5,800, and today's Silver Spirit sells for £52,000 or a discouraging MB 347,000.

If space allowed I would take the reader into the intricacies of Mars Bar money: international convertibility, transatlantic arbitrage, the euro-Mars Bar, the way money consumption automatically limits money supply, and variations of liquidity with temperature.

Suffice it to say that the real price stability of the Mars Bar is a triumphant vindication of Hayek's theory of competitive currencies. Competition has forced the American-based issuing agency not to debase the coinage. Indeed, far from being clipped, the Mars Bar has recently been increased in weight from 57 to 59 grammes.

There must be a moral behind this conundrum: the pound has plunged in real value despite all the efforts of Government and Bank to preserve its apparent worth, yet the Mars Bar has held its worth despite the untiring efforts of the issuer to make it seem as cheap as possible. Monetary experts should chew this one over.

THE REAL FALL OF THE POUND

	Mars Bar	Morris 8/ Mini	Roast beef at Simpson	Graduate joining ICI. (a year)
1940	0.833p (2d)	£160	20p	£275
1960	2.5p (6d)	£530	43p	£775
1981	15p	£2,900	£5.95	£5,700

Letters to the Editor

ld the Revenue be paranoic about tax avoidance?

e Chairman, Brothers

After much Parliamen- bate, the proposals per- UK companies to e their own shares are . One of the principal s of removing the ban creation of symmetry the factors tending to e mergers and those to facilitate demergers. on the fiscal side it is y for the tax disadvan- demergers to be no than those of mergers. ease by public company its capital to raise cash s shareholders to re- he purchase of company a relatively routine operation and not one with tax disadvantages. etry is to prevail, pub- pany "C" should like- free to sell company ir cash and return the its shareholders by re- ng its own shares with- lisadvantages.

present tax law, the re- cash in this way would ribution and involve an corporation tax liabi- ence it was always the distribution rules be revised and the has issued a tive document out- its proposals for The Revenue, however, ese rules only relaxed private company in cer- ned circumstances.

Private companies should find this reform useful but it is surprising, and very disappointing, that the Revenue should seek to limit the effective scope of this reform to them. Apparently, the Revenue fears the ACT take will decline if public and listed companies are included. Presumably, the argument is that companies generally will elect to return retained profits to shareholders by buying in shares instead of paying dividends. But companies will not alter their dividend policy because of a new ability to purchase their own shares.

Some will see this strange notion as another instance of Revenue *paranoia about tax* avoidance. Indeed, there may be some benefit to the yield of *capital gains tax* if the effect of a company purchasing its shares is to increase the price of its shares.

Nowhere in the Revenue's paper is there any reference to the economic case for this reform, which applies particularly to the larger and listed companies. Just as some companies have insufficient risk capital, others have a surplus. Everyone agrees it is economically beneficial if unneeded risk capital is returned to the market for reinvestment rather than left on deposit by a company or invested unproductively. By purchasing its shares, a company can make surplus risk capital available to others, increase its gearing and raise its return on capital. If a company's share price rises in response to its own buying, the cost of risk capital is also reduced. In addition, this reform could enable a listed company standing at a sizeable discount to asset value to reduce that discount and thereby deter an asset-stripper.

The UK ban on companies buying their own shares resulted from a court decision last century in which the judges were understandably concerned to protect creditor rights following the then daring innovation *of limited liability*. Creditors are satisfactorily protected in the new legislation and North American companies have been *able to purchase their own* shares for many years without any problems for the security markets or tax authorities.

Such arguments were preferred by the Government to the more restricted approach of Professor Gower in the initial Green Paper on the subject. Unfortunately, this narrow view has now resurfaced in the Revenue's recommendations. It is to be hoped the Government will not permit the Revenue largely to destroy the rationale of this legislation by restricting the necessary tax changes to an insignificant part of the economy.

I. J. Fraser,
Lazard Brothers,
21, Moorfields, EC2.

udes that cause friction with Malaysia

C. Norton,

laving recently com- n assignment in sup- British investment in I write in support of Blumer and Meynell tters you published on r 14 and 18 ely.

the few months I was in Malaysia I too was f the generally indif- and patronising atti- nanating from visiting tatives of the British ent and in some cases embers of the British community. Unless embers of the British ration and business ties engaged in n affairs research the and economic back- of the country before ting in public then relationships with will deteriorate, yet

members of the com- who are working, or orked, in Malaysia hat Dr Mahathir is a very sensitive man and is faced with some extremely difficult problems, the economic development of Malaysia being but one facet of an overwhelmingly difficult task. He needs our co-operation not indifference or criticism. We must bury the old colonial relationships and attitudes and set about generating good will between the British business community and Malaysia by positive co-operation backed by a genuine understanding of the problems faced by Dr Mahathir in his efforts to meet the aspirations of the Malaysian people. Our failure to meet this challenge will, as Mr Meynell suggests, leave Britain very much the poorer.

C. A. Norton,
The Old Meeting House,
Pittenweem, Fife.

Cuts in higher education

From Mr D. Layton

Sir,—Your leader on cuts in education (November 18) considered what changes would be educationally best. Would it be useful, perhaps, also to consider either a standstill or a reduction in university salaries and wages instead of the cuts?

You have fairly recently given space to the teaching of Professor James Meade and one understands that the effects of pay changes on employment are apparently his chosen deciding factor on pay levels when, in the last count, arbitration is called for. The idea, as you see, comes from an academic source though it might just as well have come from the Government.

There could be a few minor see sums on pay and a few figures about recent pay changes, as well as the figures of suggested redundancy handouts.

I do hate the idea of there being a large number of unemployed university academics with leisure time on their hands.

David Layton,
18, Grove Terrace,
Highgate Road, NW5.

The answer is simple —advertise

From the Director General, British Safety Council

Sir,—You report (November 18) that the Minister of Transport is looking for "ways to boost response to vehicle recalls."

The answer is simple and remains the same as it was six months ago when I resigned from the Department of Transport Committee on the subject, namely, to spend some money on advertising to tell the owners *of defective vehicles* that they are dangerous.

James Tye.
National Safety Centre,
Chancellor's Road, W6.

Devious methods dog the Stansted saga

From the Chairman, NW Essex and East Herts Preservation Association

Sir,—Further to your report (November 17) regarding the delay on any decision to proceed with Gatwick's second terminal, it seems totally unreasonable that this further mini-inquiry should take place after Mr Poole (BAA's forecasting witness) has given his evidence and is no longer present to answer questions at the Stansted inquiry. This can be seen as yet one more example of the devious methods which have dogged the Stansted saga.

The argument appears to be that the second terminal at Gatwick ought to be considered as an alternative to Stansted's expansion. The assumption made so far at the present inquiry is that Gatwick's second terminal would be built; if this is not to be the case then the implications for Stansted are serious.

If the Secretary of State is considering either one or the other then he ought to consider the two against each other in a comparative way at the Stansted inquiry. Our fear is that the Government might defer both decisions and ultimately permit Stansted as a matter of urgency.

The decision on Gatwick having been for the time being withheld, the go-ahead for Stansted could be given because of pressure of need. Then we would still have the recommendation from the Secretary of State for the expansion of Gatwick when BAA and Government thought fit.

John Lukies.
North West Essex and East Herts Preservation Association.
c/o Fortescues Farm,
Good Easter, Nr. Chelmsford.

Improving trend for Metal Box in first half year

RESULTS of Metal Box for the six months to September 30 1981 show an improving trend, and Mr D. I. Allport, chairman, takes an optimistic line on prospects in his interim report.

Although first half pre-tax profits show a fall from £19.9m to £18.7m, this compares favourably with the slump from £28.45m to £9.43m in the second half of last year, and, reflecting the view taken by the directors on outlook for future trading, the net interim dividend is stepped up from 4.2p to 5.04p. Last year's total payment was cut from 20.3p to 10.71p.

During the second half of the current year it is expected that the better trend shown by UK activities will be maintained, with a consequent improvement in trading results. It is also anticipated that overseas results will continue to progress.

Looking further ahead, Mr Allport predicted yesterday that profits would move gradually upwards. Costs had been cut throughout the business and were continuing to be reduced, he stated.

Group sales for the six months under review advanced by 7.3 per cent to £584.3m, with the UK contributing £305.5m (£321.3m) and overseas £278.8m (£223.4m). Trading profits also showed an increase, this time by 8 per cent to £35.7m. Here, UK business gave £7m (£8.2m), overseas £26.9m (£22.9m) and associates £1.8m (£1.9m).

An analysis of sales and trading profits by division shows: open top packaging £123.3m (£143.9m) and £0.3m losses (£3.1m profit); general line £76.8m (£67.3m) and £5.1m (£2.9m); paper and plastics £58.1m (£65.8m) and £1.9m (£1.8m); engineering £18.6m (£19.8m) and £0.6m (£0.1m); Risdon UK £1.8m (nil) and nil (nil); overseas £256.1m (£199.8m) and £29.8m (£24.7m); central heating Stelrad—UK and overseas £49.6m (£48.1m) and £1.4m loss (£0.4m profit). In 1981 the general line division included the composite business which was previously in the paper and plastics division.

The pre-tax result was struck after higher interest of £17m (£13.1m). Tax took £11.4m (£6.8m), minority profits £3.6m (£4m) and extraordinary debits £5.4m (£9.4m).

Mr Allport says that the extraordinary charges were almost entirely due to reorganisation costs. Some 2,000 workers left the company during the six months, taking the 18 months redundancy total to 6,500.

"One could say the bulk of the demanning has taken place," he stated. "This does not mean we are not going to be continuing to thin down. But thinning down is a more precise expression."

Benefits from the action taken during the past 18 months have begun to show through. Major steps to reduce overheads are having the desired effect on the company's ability to compete profitably. Overseas progress has been maintained, although there are still some problems in Italy. The U.S. subsidiaries have continued to develop their various businesses with correspondingly improved results.

Expenditure on fixed assets during the half year totalled £28.8m, of which £14.4m was spent overseas.

Mr Allport reports that the company has achieved a significant reduction in stock holdings. He also says that once the Carlisle two piece can investment is completed he cannot foresee any major new capital spending on that scale. In addition the company is coming to the end of fairly large expenditure in the central heating division.

See Lex

Avana moves up to £3.6m, helped by Robertson Foods

WITH THE inclusion of the results of Robertson Foods taxable profits of Avana Group for for 26 weeks to September 26 1981, rose from £2.01m to £3.61m, on turnover ahead at £63.12m compared with £20.99m.

The interim dividend of this food processing group is being raised to 2.4p (2p) net per 5p share. Last year a total of 5p was paid out of pre-tax profits of £5.19m.

The directors say the group faced adverse factors outside normal management control which detracted from overall profits. The meat trade was in recession and this part of the business made no progress.

There are signs now that the worst is over and with a range of new meat products, some of which are already selling well, the directors look forward to rapid improvement and a return to previous levels of growth and profit.

The fall in the value of sterling together with a rise in the world price of citrus concentrates eroded fruit juice margins. The directors say the position will improve only when prices reflect current costs and values. There is sufficient evidence to show that sales growth will not be hampered by upward price adjustment. They are therefore, refusing to chase additional market shares at *unrealistic margins.*

The recession has reduced spending on food and the directors are therefore concentrating on the development of new products.

The Robertson Foods companies—acquired on March 30—responded well to new challenges and opportunities. The results of close and enthusiastic management involvement are starting to show and the full profit potential of the group will be realised much earlier than had been originally thought, the directors say.

Robertsons was supported by a high level of capital expenditure which will ensure that its profit performance will improve further over the coming months. Its borrowings, apart from those of its overseas subsidiaries, were funded from Avana's cash balances. This meant a net interest payment for the half year, but in the second half year, with the improving cash flow, this trend will be reversed.

On October 30, the group acquired the Markus Coffee Company in London, which will permit further development of our business in high quality roast coffees.

Taxable profits included a contribution of £30,000 (nil) from associates and was struck after depreciation of £957,000 (£490,000), debenture interest of £93,000 (nil) and other interest charges of £225,000 (nil). Last time there was interest receivable of £148,000.

Tax took £1.2m (£280,000) leaving attributable profits of £2.41m (£1.73m).

See Lex

Dundonian over £1.2m for first six months

THE SIGNIFICANT advance for 1981-82, predicted by Mr Max Lewinsohn, the chairman of Dundonian in June has been borne out for the first six months to September 30 with pre-tax profits emerging 47 per cent higher at £1.22m, compared with £833,000.

A further advance is anticipated for the second half despite the difficulties facing British industry.

Turnover of the group, whose principal activities are in the fields of property development, natural resources and financial services, improved by 77 per cent during the six months from £3.79m to £6.73m.

With stated earnings per 20p share rising from a restated 3.85p to 5.71p basic and from 3.51p to 4.87p diluted the net dividend is being increased from an equivalent 1p to 1.75p—last year a final equal to 1.8p was paid from taxable profits of £1.83m. The increase is to bring the two payments more into line and should not necessarily be regarded as indicative of the likely rate of increase for the full year.

Tax for the six months took £160,000 (£111,000) and after minorities of £57,000 (£32,000) the attributable balance emerged at £1.01m (£690,000), out of which interim dividends absorb £261,000 (£139,000).

The chairman says the recently-announced results of the group's 75 per cent-owned subsidiary, Southwest Consolidated Resources, indicates that the policy of expanding as a diversified natural resources group is starting to prove its worth.

He points out that the sharp increase in profitability reflects the gradual emergence of producing interests in both the mining and oil sectors which will, in time, provide a well balanced portfolio.

The chairman adds that net revenue is likely to increase significantly as operations develop—not least from onshore oil and gas production in the U.S. where a major expansion programme is planned. Good progress, he says, is also being made on the tin, tungsten and silver prospects in Cornwall. A detailed announcement is expected on completion of the present phase of exploration.

Despite the uncertainty in the housing market Algrey Developments continued to perform well during the first half. Although the next few months are viewed with caution, this company is expected to increase output substantially should more buoyant conditions return in 1982-83.

The chairman points out that housing profits are now augmented by a growing contribution from the commercial development activities of Belgravia Developments. Rental income and development profits are both set to rise steadily as the build up of schemes over the past two years start to bear fruit. It is estimated that the completed value of the present housing and commercial development programme is in the region of £75m.

The financial services division maintained its profitable growth in spite of the impact of high unemployment and interest rates. This was partly because of the first full contribution from Planned Savings (Holdings), acquired last January and which has significantly enlarged the division.

Mr Lewinsohn says the potential for new business has increased as operations have been streamlined.

HIGHLIGHTS

After briefly commenting on the tightness in the London money markets yesterday Lex moves on to discuss the results from **Metal Box** which display some signs of recovery from the very depressed second half of the previous year. In the Far East merger terms have been agreed by **Hong Kong and Kowloon Wharf and World International**—two of Hong Kong's major companies. Finally Lex considers the half time results from fast growing foods group, **Avana**, which recently acquired Robertson Food.

Assd. Leisure falls to £2.34m midway

WITH depreciation £1.46m higher at £5.82m, pre-tax profits of Associated Leisure, amusement machine group, came out behind at £2.34m for the half-year ended September 13 1981, compared with £3.24m. Turnover slipped from £23.43m to £22.84m.

The directors are maintaining the interim dividend, however, at 1.8p, and say that in spite of the reduced profits, liquidity has improved, as forecast, and by the end of this month short-term borrowings will have been eliminated.

A review of trading budgets for the rest of the year suggests that the benefit of reduced costs and interest charges is likely to be offset by the uncertainties of the video sector. The directors, therefore, expect that second half trading will not be materially different from that of the first, although they say it is too early to give a firm indication of the year's profit outcome.

Pre-tax surplus for last year was £4.64m.

The group is reducing its sited inventory of video machines because of a further fall of video "takes" and is adopting a "highly selective approach to the replacement of these machines which continue to be conservatively depreciated."

The directors explain that the decline in this market has also inevitably reduced turnover and profitability of the group's sales company. Hotels and entertainments activities succeeded in maintaining profits, however, despite the poor early summer weather and reduced consumer expenditure.

They add that strict cost control has led to streamlining in all parts of the group.

Interest charge for the six months was lower at £309,000 against £411,000, and profits were subject to tax of £1.22m (£810,000) and minorities, £22,000 (£20,000). An extraordinary credit of £232,000 (£84,000) left the attributable balance at £1.33m, compared with £2.49m. Earnings per share were 4.21p (9.21p).

● comment

Amusement machine stocks have had a good run in the past few years, thanks latterly to the meteoric rise of videos. But when videos fizzled out last spring, the sector fell quickly out of favour. Associated Leisure shares have plunged from a 1981 peak of 148p to 85p, down 4p yesterday, and the group's interim figures confirm that there is little to go for in the near future. Fruit machines, which still form the bulk of the group's rental business, are just beginning to recover after the exceptional cost of converting them to new stakes and payouts. Hotels and leisure centres are quiet and the videos are actually in loss, perhaps by as much as £0.5m in the first half. Worse, AL's overall profits are further depressed by continuing high depreciation charges on these machines while the sudden elimination of spending on replacements results in a much higher tax charge. Thus, while the directors seem to be looking for almost unchanged pre-tax profits in the full year, earnings per share will drop substantially. The prospective fully taxed p/e of about 10 is probably supported more by the 9 per cent yield than any confidence about an early return to significant profit growth.

Blackwood loss in Canada

IN THE first nine months of 1981 Blackwood Hodge (Canada), the 74 per cent-owned subsidiary of earth-moving equipment sales and service group Blackwood Hodge, incurred taxable losses of C$2.39m, compared with profits of C$1.78m last time. Turnover moved ahead from C$102.53m to C$105.95m.

The directors say the last quarter is likely to show a further loss, which they hope will be contained at a reasonable level. Cashflow they add gives no cause for concern.

The pre-tax profits were struck after interest charges of C$10.87m (C$8.6m) and there was a tax credit of C$1.38m (C$370,000 charge) leaving net losses of C$1.01m (C$1.41m profits).

Loss per share is given as 41 cents (58 cents earnings).

Concentric higher in second half

A STEADY improvement in the second half left pre-tax profits of Concentric, manufacturer of controls for domestic, automotive and engineering industries slightly down from £1.18m to £1.03m for the year to September 30 1981. At the halfway stage the taxable result was £282,000, after redundancy costs of £105,000, against £1.29m previously.

The second half improvement was due to resolute action to reduce costs together with a reconstruction policy, say the directors. Sales were reduced from £42.58m to £37.69m. The net final dividend is 2.71p (2.1p) which maintains the total at 3.31p. Stated earnings per share were higher at 4.75p (3.68p).

By the end of the year the company was beginning to restore both sales and profitability to previous levels, according to the directors. There are increasing demands overseas — particularly in the U.S.—and a number of subsidiaries are active there as well as in other countries, they say.

The directors add that new areas of technology should enable the group to exploit its skills more fully and a new product development programme should yield results in the future.

The charge for taxation fell from £480,000 to £130,000 and after dividends £626,000 (same) retained profits emerged higher at £272,000 (£71,000). Current cost pre-tax profits are given as £194,000.

● comment

Concentric's recovery from a surprising loss in the second half of 1978-80 continues to outpace market expectations. The shares jumped 8p to 37p following yesterday's announcement of much improved preliminary profits and, more important, a fully restored dividend. A maintained final would have been pleasing enough but the directors have also put back the 0.6p removed from the interim payout and, even after yesterday's sharp price rise, the yield is a very attractive 13.8 per cent. The lower turnover reveals that demand for the group's pumps, valves and pressings remains weak, and the profit recovery to date has had to come almost entirely from internal cost cutting. However, the group is now confident that its efforts in the past couple of years to develop new products and markets is beginning to pay off, notably in electronic telemetry equipment and in the drive for direct exports. The fully taxed p/e is about 13.

SHARE STAKE

Globe and Phoenix Gold Mining—African Lakes Corporation acquired 35,000 ordinary (3.962 per cent) and now holds 250,573 (28.37 per cent).

SPAIN

November 20	Price %	+ or −
Banco Bilbao	329	
Banco Central	342	
Banco Exterior	310	
Banco Hispano	315	
Banco Ind. Cat.	117	
Banco Santander	381	
Banco Urquijo	216	+2
Banco Vizcaya	359	
Banco Zaragoza	218	
Dragados	160	+1
Espanola Zinc	67	−1
Fecsa	71	+0.5
Gal. Preciados	50	+5
Hidrola	61	+0.5
Iberduero	57.5	−0.5
Petroleos	100	−0.5
Petroliber	80	
Sogefisa	43	
Telefonica	78	
Union Elect.	76	−0.2

Vinten surges to £0.9m: sees further improvement

HIGH VALUE military business and a satisfactory level of export orders pushed Vinten Group pre-tax profits up from £485,000 to £852,000 in the first half to September 30 1981, on turnover ahead at £5.08m compared with £3.31m.

In view of these results, good prospects and strong financial resources—cash and near cash exceed £2m—the interim dividend of this optical equipment maker is being set at 0.7p (0.5p adjusted) net per 20p share. Last year an adjusted total of 1.75p was paid together with a one-for-one scrip, out of taxable profits of £2.02m.

Mr Michael Brown, chairman, says sales and profits are expected to be at a higher level in the second half with completion of delivery of defence equipment for Finland, commencement of shipments against an export contract received in September for long-range military reconnaissance systems and assuming maintenance of the present level of television business.

There is, therefore, he says, the opportunity to repeat the good 1980-81 pre-tax performance even though new product development expenditure will be significantly higher and the market for D. A. Pitman shows no indications of recovery.

Since publication of the group's accounts in July, three major military export contracts were successfully negotiated to increase its order book to over £9m. Mr Brown says it is particularly encouraging to have received additional orders for podded systems to be fitted to British Aerospace Hawk aircraft and for a remotely-controlled system for televising parliamentary proceedings in Canada.

The company is proposing to extend its development block in Bury St. Edmunds to support the growth of its engineering capabilities, while negotiations for the acquisition of Evershed Power-Optics are continuing.

Vinten Group designs, manufactures and markets television camera mounting equipment, aerial reconnaissance systems and ground support equipment, and measuring and monitoring instruments for health and environmental purposes.

● comment

Vinten's half time pre-tax profits have shot up by 75 per cent aided by three new major defence contracts. The company supplies reconnaissance equipment for the Hawk trainer and the recent British Aerospace deal is seen as highly encouraging, unless there is a worldwide "slump" in cross-border incidents. TV equipment is maintaining position with the decline in sales to the U.S. being more than made up by orders from Europe and the Far East. Effects of rationisation in Pitman, who make air pollution monitoring equipment, are not yet apparent, although it is hoped that it will break even over the whole year. Cash of £2m leaves Vinten in a good position to speed up development work, especially on the Wallis autogyro, and to finance new buildings at Bury St Edmunds, and still contemplate acquisitions. The shares rose 16p yesterday to 182p. A prospective yield of 1.6 per cent even after the 40 per cent rise in the interim payout demands that growth be maintained at roughly the level of this half year.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Assd. Leisure ......int.	1.8	Feb. 2	1.8	—	5.25
Avana	2.4	Apr. 12	2	—	5
Concentric	2.71	Jan. 13	2.1	3.31	3.31
Dundonian ......int.	1.75	Jan. 27	1*	—	2.8*
Elswick-Hopper ......int.	nil	—	0.52	—	1.15
J. Foster ......int.	0.5	Jan. 15	0.5	—	0.5
London & Liverpool int.	0.75	Jan. 14	0.5	—	1.7
Metal Box ......int.	5.04	Jan. 18	4.2	—	10.71
Prop. Partnerships ...int.	2.5	Jan. 11	2.25	—	5
Vinten ......int.	0.7	Mar. 31	0.5*	—	1.75*

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

THE TRING HALL USM INDEX
114.8 (+1.0)
close of business 23/11/81
BASE DATE 10/11/80 100
Tel.: 01-638 1591

CORAL INDEX
Close 513-518 (unchanged)

OIL INDEX
December Refined [illegible]
January Refined [illegible]
March Refined [illegible]

BOARD MEETINGS

...llowing companies have notices of board meetings to the ...xchange. Such meetings are ...held for the purpose of con... dividends. Official indications ...available as to whether divi...re interims or finals and the ...ons shown below are based ...n last year's timetable.

TODAY

...ms:—BPB Industries, Barker ...son, Century Oils, Hambros, C.E. Heath, Amos Hinton, Mansfield Brewery, Old Swan Hotel (Harrogate), Parkland Textile, Transparent Paper, R. Kelvin Watson.

Finals:—Ranks Hovis McDougall.

FUTURE DATES

Interims:—

Dunhill (Alfred) .... Nov 25
International Timber .... Dec 8
United British Securities .... Dec 8
Wheeler's Restaurants .... Nov 26

Finals:—

Irish Distillers .... Dec 2

LONDON TRADED OPTIONS

Nov. 23 Total Contracts 1,397. Calls 1,142. Puts 255.

...on	Ex'rcise price	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
	260	66	—	74	10	—	—	322p
	280	45	17	54	5	—	—	"
	300	30	1	38	15	48	2	"
	320	17	20	—	—	—	—	"
	330	—	—	24	11	34	13	"
	350	7	2	—	—	—	—	"
	360	—	—	14	4	—	—	"
	300	8	1	20	—	26	1	"
	320	16	11	—	—	—	—	"
	330	—	—	32	—	42	3	"
	410	94	20	—	—	—	—	"
	130	11	1	16½	101	20	5	133p
	140	7	15	11	84	15	—	"
...ld (c)	450	30	10	47	—	62	—	467p
...ld (c)	500	14	5	30	10	43	—	"
...ld (c)	550	4	5	15	—	20	—	"
...ld (p)	420	6	6	14	—	—	—	"
...ld (p)	500	47	1	57	—	62	—	"
...ds (c)	50	19	15	22	2	23	—	68p
...ds (c)	60	9½	25	12½	9	15	—	"
...ds (c)	70	3½	30	6½	11	9	5	"
	650	116	1	132	—	155	—	752p
	750	35	16	55	10	82	—	"
	800	13	4	29	—	42	—	"
	850	5	2	17	—	—	—	"
	700	12	2	22	—	27	—	"
	750	30	3	40	15	45	—	"
...et. (c)	180	9	2	16	79	22	1	176p
...et. (c)	200	3	—	7	46	—	—	"
...et. (p)	160	8	1	13	—	17	—	"
...et. (p)	180	17	—	24	32	26	—	"
...et. (p)	200	29	—	35	1	—	—	"
	260	28	25	36	—	46	—	282p
	280	15	2	25	2	36	—	"
	300	7	—	15	3	—	—	"
	260	8	26	16	—	20	—	"
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
		February		May		August		
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

C=Call P=Put

EUROPEAN OPTIONS EXCHANGE

Series	Feb. Vol.	Feb. Last	May Vol.	May Last	Aug. Vol.	Aug. Last	Stock
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Jan.		April		July		
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Feb.		May		Aug.		
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOTAL VOLUME IN CONTRACTS 4100

A=Asked B=Bid C=Call P=Put

Companies and Markets

BIDS AND DEALS

Ductile Steels shares halted ahead of possible takeover

Ductile Steels, the steel re-rollers and wielded tube manufacturers, called a halt to dealings in its shares yesterday after it had been informed that an offer might be made for the group. On the stock market, the suspension price of Ductile's shares of 94p values the group at £12.2m.

Caparo Industries, the fast-expanding industrial holding group contrdolled by Mr Swraj Paul's company Caparo Group, has been building up a large shareholding in Ductile since July and was rumoured to be a likely bidder. Yesterday Caparo said that its stake bad now reached 20 per cent in Ductile and confirmed that it had had a number of discussions with the steel group.

"We are an interested party as anybody would be with a 20 per cent stake," said Caparo but gave no hint as to whether discussions were proceeding on a more formal basis.

Explaining its reasons for buying shares in Ductile, Caparo said: "We though it was an undervalued share and started buying at 52p per share. Since then the shares have become less undervalued."

Ductile, which is due to have its annual general meeting on Thursday at its head office in Willenhall, in the West Midlands, recently disclosed its first ever loss of £2.17m before tax credits and extraordinary items for the year ending June 1981, compared with a pre-tax profit of £3.49m in the previous year.

Mr R. Sideway, group chairman, said in the accounts that the group had been hit by the recession. "Situated as it is in the heart of the industrial Midlands which has been particularly hard hit," the company "has not been unaffected having suffered a fall in sales in the year of approximately 30 per cent."

He added that there had been an improvement in sales which had continued "and with lower overheads the group has been able to achieve a satisfactory profit in the quarter to September."

Other major shareholders in the group, according to the last accounts, are Britannic Assurance, with 7.89 per cent, and Prudential Group with 5.68 per cent.

Caparo has much in common with Ductile's product range following its recent acquisition of Central Manufacturing and Trading, which has stockholding operations and is a general steel roller.

Eastern Produce boosts Blantyre offer to 90.25p

Eastern Produce (Holdings), the tea and rubber group, has lifted its offer for Blantyre Tea from 69p to 90.25p following the purchase of an 11.78 per cent stake (225,000 shares) in the Malawi tea estate owner at the increased price.

This purchase means that Eastern Produce now holds or has acceptances in respect of 46.48 per cent of the Blantyre shares. In addition, Lawrie Plantation Holdings, an associate of Eastern Produce, owns 4.63 per cent of the Blantyre shares.

The increased bid values Blantyre at £1.8m. Eastern Produce's first offer had been rejected by Blantyre as "derisory." On the stock market yesterday the Blantyre shares rose 2p to 91p—Eastern Produce were unchanged at 70p.

Eastern Produce plans to make a revised offer for the 7,656 Blantyre preference shares after consultation with the Takeover Panel. Both the ordinary and preference offers are unconditional and remain open.

General Tire right to sell Hallite shares

The General Tire and Rubber Company (South Africa) has given official notice that as from this afternoon it reserves the right to sell, at any price in excess of 200p, any of the 19.99 per cent holding in Hallite Holdings—which it acquired prior to its announcement on October 6 of its current cash offer for all of Hallite's shares.

The 200p offer extends until November 27 and General Tire has stated that its terms will not be increased. It has so far acquired 28 per cent of Hallite's shares, which closed up 4p last night at 206p.

HANSON TRUST

S. G. Warburg and Company, as an associate of Berec Group sold, on behalf of a discretionary investment client, 1,500 ordinary 25p shares of Hanson Trust at 279p.

Stewart Wrightson deal

Stewart Wrightson Holdings, the insurance broking group, has agreed with Transport Indemnity Company and its parent company, Transport Underwriters Association of Los Angeles, to acquire minority intereshts in two insurance concerns. The total consideration is $4.15m, payable immediately in cash, and financed by a medium-term loan.

Under the deal Stewart Wrightson will acquire a 23.1 per cent minority interest in both Associated International Insurance Company of Los Angeles and Associated International Insurance (Bermuda) from the Transport group of companies.

Associated International Insurance Company specialises in writing excess and surplus lines business obtained from a range of insurance brokers. This company partially reinsures its business with Associaed International Insurance (Bermuda).

Total pre-tax profits for Associated International Insurance Company and the Bermuda company in 1980 amounted to $3.58, of which underwriting profits were $620,000, the bulk coming from investment income.

Stewart Wrightson already owns the other 76.9 per cent of the issued share capital of both the groups, and the acquisition of the minority interest will make them both wholly owned subsidiaries.

Turnbull's bid details give profit warning

Along with the details of its acquisition of Fred Parkes Holdings, Turnbull Scott Holdings, the shipowning and engineering group, states that with freight rates still very low its own ships are barely covering expenses and this will depress the results for the current year.

The company says it may have to continue to sell tonnage in order to preserve cash resources in relation to loan repayments so that the remaining ships will then be in a stronger position to take advantage of improved trading conditions when the world recession ends.

The directors are hopeful that the group's engineering division will continue to be profitable despite the downturn in trade.

The consideration for Parkes is £1.02m cash and £2.2m of secured loan stock. For the year ended March 31 1981 the continuing activities of Parkes showed a loss before tax of £705,000.

Turnbull's principal interest in Parkes is its shipping division which only achieved break-even in 1980-81. The directors, however, believe the division is in a position to trade profitably as son as trading conditions improve.

Net tangible assets of Parkes at March 31 last amounted to £1.32m, before taking into account a surplus of £1.38m over book value on agricultural land since sold. Parkes' four tankers have been valued at £5.64m showing a surplus before tax of £2.22m over book value.

Thorn EMI selling off distributor

Glover and Main, subsidiary of Thorn EMI, has agreed to sell Electrical and Radio Distributors (ERD) to the owners of Edmundson Electrical, with completion set for December 31.

Total consideration, including the repayment of loans of some £7m. from Glover to ERD, is expected to amount to about £7.2m, and will be based on the net asset value of ERD at the year end date on an agreed basis.

Like ERD, Edmundson is a wholesale distributor of electrical products to trade and industry.

FOSECO MINSEP ACQUISITION

Foseco Minsep has reached agreement with Ciba-Geigy (UK) to acquire the foundry chemical business of Ciba on January 1 next for £700,000 cash.

It will become part of Foseco (FS), the group's UK company marketing a wide range of specialist products for the metallurgical industry. The directors say the acquisition will reinforce this company's position as leading supplier of consumables to the UK industry.

GRAHAM PRECISION PUMPS/J. G. EATON

Pump maker Graham Precision Pumps, of Congleton, has anounced that it has purchased the old established pump company J. G. Eaton and Co. The Eaton operation has been moved to Congleton and the Eaton name is being retained. Spare parts for all Eaton pumps will be available "off the shelf."

GRANGE TRUST

Mr Alan McLintock, chairman of Grange Trust, has bowed to the success of the offer from Courtaulds' pension fund and is now recommending the minority shareholders to accept it.

The pension fund now has over 60 per cent of the voting rights. Its offer, based on an asset formula, is currently worth 157p. It has a ceiling of 160p.

N. KALGURLI

Mr J. L. Jones, chairman of North Kalgurli Mines has written to shareholders stating why they should vote against the six resolutions requisitioned by Australian Placer N.L. (a wholly-owned subsidiary of Metals Exploration).

"If these resolutions are passed Metals Exploration will have control of North Kalgurli, even though it would continue to be a minority shareholder," says Mr Jones.

The board argues that, in order to protect their investment, shareholders should re-elect existing directors and reject the Australian Placer N.L. resolutions.

BARCLAYS BK. INTL.

Barclays Bank International has increased its stake in New Zealand United Corporation, the country's biggest merchant bank, from 24.9 per cent to 49.7 per cent. The bank has bought the shares from Bank of America.

THE UNION STEEL CORPORATION (OF SOUTH AFRICA) LIMITED

(Incorporated in the Republic of South Africa)

REPORT TO THE SHAREHOLDERS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 1981

The directors report that the audited consolidated results for the nine months ended 30 September, 1981 are as follows:—

	9 months ended 30.9.1981	12 months ended 31.12.1980
	R'000	R'000
Operating profit	18 855	22 584
Plus: Income from investments	1 694	1 781
	20 549	24 365
Less: Depreciation	3 184	4 040
Interest paid on borrowings	2 339	2 939
Profit before taxation	15 026	17 396
Less: Taxation	3 807	3 998
Group profit	11 219	13 398
Earnings per ordinary share	37.64c	44.95c

The audited group profit after tax for the nine months amounted to R11 219 000 after provision was made for interest of R2 339 000 and depreciation of R3 184 000. This compares favourably with a group profit after tax of R13 398 000 in the 12 months period ending 31 December 1980. If the 1981 group profit after tax is compared with the pro-rata 1980 profits, the 1981 results show an increase of 12 per cent over those of the previous year. This improvement can be attributed mainly to higher profits realised in the aluminium, cable and copper divisions. There was higher activity in these divisions and the turnover was considerably higher compared with the same period last year. It is gratifying to be able to report that Veldmaster made a profit on agricultural implements and parts, as opposed to a big loss last year. In contrast, there was a decline in the demand for steel. The total despatches of steel decreased by 12 per cent in comparison with the corresponding period last year. In this respect the largest decreases were experienced in special steels and price controlled steels, whilst despatches of hollow drill steel, forgings and tool steel were maintained. Consequently, total steel profit showed a considerable decrease in comparison with profit realised in 1980.

Despatches from the foundry also show a decrease of 12 per cent which can be attributed to fierce competition. As a result the foundry suffered a greater loss than that of the 12 months of the previous year.

DIVIDEND DECLARATION:

A. Ordinary Dividend

Notice is given that a final dividend of 25 cents per R2.00 share for the nine months ended 30 September 1981 is declared on the 'A' preferent shares.

Notice is given that a final dividend of 28 cents per R2.00 share for the nine months ended 30 September 1981 is declared on the 'B' preferent shares.

Notice is also given that a dividend of 9 cents per 50 cent ordinary share is declared.

B. Bonus Dividend

Notice is given that a bonus dividend of 6 cents per R2.00 share is declared on the 'A' preferent shares.

Notice is given that a bonus dividend of 12 cents per R2.00 share is declared on the 'B' preferent shares.

Notice is also given that a bonus dividend of 3 cents per 50 cent ordinary share is declared.

Dividends are payable to shareholders registered in the books of the Corporation at the close of business on 11 December 1981. The transfer registers and members' registers will be closed from 12 December 1981 to 24 December 1981 both dates inclusive and cheques will be posted from both Johannesburg and London on or about 15 January 1982. Registered shareholders who are paid from the London office, will receive their payment in United Kingdom currency—equivalent to the rand value of their dividends as at 5 January 1982.

Any change of address or dividend instructions must reach the transfer secretaries on or before 11 December 1981.

A tax deduction of 15 per cent will be applied if applicable to foreign shareholders.

By order of the Board
P. E. BRINK
Secretary

Transfer Secretaries:
Central Registrars Limited
4th floor
154 Market Street
Johannesburg 2001
(P.O. Box 4844, Johannesburg 2000)

Registered Office:
General Hertzog Road
P.O. Box 48
Vereeniging 1930

Charter Consolidated P.L.C.
P.O. Box 102
Charter House, Park Street
Ashford, Kent TN24 8EQ
17 November 1981

London Office:
40 Holborn Viaduct
London EC1P 1AJ

Shutdown for uranium mine

BY GEORGE MILLING-STANLEY

THE TREATMENT plant at Energy Resources of Australia's big Ranger uranium mine in the Northern Territory of Australia has been ordered to close because it may have breached environmental guidelines, according to Mr Ian Tuxworth, the state's Minister for Mines and Energy.

Mr Tuxworth said yesterday that the temporary shutdown was ordered by Mr Mike Purcell, secretary of his department, following the appearance of an island in the operation's tailings dam on November 5.

The department ruled that tailings must be covered by at least two metres of water, but the island remained until November 19, Mr Tuxworth said.

He added that "despite the fact that tailings were apparently exposed to the air for about 14 days, the company failed to report the matter either to the Director of Mines or to the supervising scientist, as the guidelines require."

Apart from ERA's failure to report the existence of the island, the department is also concerned that the company could still be in breach of the requirement to have two metres of water over the floor of the tailings pond.

Australia's EZ Industries and Peko-Wallsend each own 30.5 per cent of ERA, with the remainder split between the Australian public and several overseas customers.

Better news for ERA came with the disclosure that uranium oxide (yellowcake) from the operation should be exported from Darwin within a fortnight.

The yellowcake, worth around A$13m (£7.8m), has been stranded at the port for six weeks because of a refusal by members of the Waterside Workers' Federation to load it onto a waiting vessel. The industrial action is part of a campaign by the Australian Council of Trade Unions against uranium production.

The Northern Territory Government has made alternative arrangements for loading the uranium, using non-union labour, reports **Patricia Newby from Canberra.**

Although Ranger has been in operation for some time, the official opening ceremony was held only last Friday. At the ceremony, Mr Doug Anthony, Australia's Deputy Prime Minister and Minister for Trade and Resources, expressed some qualified optimism over the future of uranium production in the country.

He said that the Ranger project had been built by union labour on schedule, in spite of warnings that union opposition would make uranium mining impossible.

The fact that the construction of Ranger was not compromised or delayed by industrial disputes is an indication that common sense will prevail over "head-in-the-sand" attitudes, Mr Anthony said.

The operation has estimated reserves of around 106,000 tonnes of uranium oxide, and is expected to be exporting some 3,000 tonnes a year from 1982 onwards.

Mr Anthony said that contracts already signed with six countries covered the sale of some 46,000 tonnes, worth around A$3bn.

Occidental wins permit in Western Australia

BY STEPHEN THOMPSON

A CONSORTIUM led by America's Occidental group has won one of Western Australia's most eagerly sought-after offshore petroleum exploration permits, reports **Patricia Newby from Canberra.**

The consortium plans to inject A$121m (£72m) into Australia's expanding petroleum exploration industry.

The permit, WA-167, runs from Barrow Island to the north-west coast between Dampier and Onslow and covers 11,690 sq km.

It is directly south of Woodside Petroleum's North Rankin permit, which will form the basis of the A$8bn North-West Shelf gas project.

Seven companies will participate in the WA-167 26-well programme, one of the biggest ever proposed in Australia.

The consortium comprises Bond Corporation, Ranger Oil, Texas Eastern Australia, Reading and Bates Australia Petroleum, Pontoon Oil and Minerals and Pelsart Oil. Eleven groups bid for the WA-167 permit.

Another offshore area, WA-157 was granted to Esso, the Exxon subsidiary, which was the only bidder. No other companies are involved in WA-157.

Esso plans to spend around A$40m on the 2,660 square km permit, which is located just east of Scott Reef in the Browse Basin about 400 km north of the port of Broome.

The Western Australia State Government also announced the award of the onshore Canning Basin permit EP-240 to Great Eastern Mines and Texon Energy Corporation.

A Perth Basin permit covering almost 2,000 square km on the eastern edge of the onshore basin was awarded to the local company, Agnew Clough.

Sharp rise at London & Liverpool

A sharp rise in pre-tax profits was shown by London and Liverpool Trust, holding company, from £246,000 to £663,000 for the six months to September 30 1981. The result includes pre-acquisition profits of £161,000, against £159,000 last time. Sales also moved ahead to £6.64m compared with £3.03m previously.

The interim dividend has been raised from 0.5p to 0.75p. Stated earnings per share on a net basis were 6.95p (0.85p) and fully diluted at 5.97p (0.85p).

The directors are confident of continued progress and satisfactory results for the whole year.

In the last full year a total dividend of 3.2p was paid from pre-tax earnings of £656,000 on sales of £7.54m.

The pre-acquisition profits earned by Copy Consultants (Western), Bulk Hardware, EM Exhaust Manufacturing (Stoke-on-Trent), J. Lloyd and Sons (Silencer Service) and West Midlands Exhaust and Spares, have been excluded in arriving at distributable profits of £357,000 (£51,000). Tax took £223,000 (£113,000).

Agreements have been reached for the sale of the motor businesses of The Regent Autocar Company, following which the group will no longer be engaged in the distribution and service of motor vehicles. Sales of the motor businesses, included in the figures to September 30 1981, amounted to £1.92m, with a negligible contribution to group profits, say the directors.

Interim up at Property Partnerships

Taxable profits of Property Partnerships were little changed for the half year ended September 30 1981, but the interim dividend is increased from 2.25p to 2.5p net per 25p share.

Struck after interest up from £4,000 to £10,000, the pre-tax figure was £347,000 compared with £356,000 previously.

Gross rental income from investment properties amounted to £271,000 (£235,000) and turnover of hotel goods and services was £1.03m, against £1.01m.

Operating profits of £357,000 (£360,000) were split as to property investment, £198,000 (£172,000), and hotels £159,000 (£188,00).

After tax of £181.000 (£185,000) earnings are shown as 4.7p (4.8p) per share.

Peter Stores to close shops and cut staff

Mr Joseph Penryth Gould, chairman of Peters Stores, says in his annual report that shops are to be closed which have become unprofitable. Staffing levels will also be reduced.

In the 52 weeks to June 27, 1981, the group incurred a pre-tax loss for the first time in its history. The loss was £258,000 compared with profits of £678,000 in the previous 12 months.

He says the board is working hard to reverse this trend. There are, however, still large cost increases in the pipeline, such as supplementary rates which will continue to make life difficult. Much depends, he says, on the stores' performance during December and the Christmas period.

At the moment, the group has curtailed its losses but the results for the first half will again be dependent on Christmas.

Shareholders' funds at the year-end were £7.32m (£6.28m). Loans totalled £3.32m (£505,000) and fixed assets were £11.38m (£5.85m). The chairman's emoluments were down from £35,343 to £29,256. On a CCA basis, the pre-tax loss was £323,000.

Meeting, Newcastle-upon-Tyne, December 17, at noon.

London Life anniversary income bond

London Life Association, the second oldest mutual life company in the UK, is commemorating its 175th anniversary by offering one of the latest life products, a five-year Guaranteed Income Bond.

The bond is marketed primarily by the newly formed life companies which, in general, can offer slightly higher yields because of their tax position. Mature life funds do not have this advantage.

The 175th Anniversary Bond from London Life offers investors a yield, net of basic rate tax of 10.6 per cent at age 20 to 10.8 per cent at age 65. This is below the top yields for these income bonds. The minimum investment is £1,000.

The bond provides a full return of the investment should the investor die during the period and guarantees a minimum return of 85 per cent of the investment on early cash-in.

In addition to these benefits, the first 1,000 investors in the Bond will receive a Dartington glass paperweight which London Life has commissioned for the occasion. The offer closes on December 31 1981.

London Life is one of the very few life companies that does not pay commission to intermediaries. Thus its business comes from its own sales force and from direct enquiries.

M. L. DOXFORD

The directors of M. L. Doxford and Co state that active negotiations are progressing with interested parties for the sale of the group's business and property. A further statement will be issued on completion of the negotiations.

J. Foster reduces deficit to £0.55m at six months

FOR THE half year ended August 31 1981 taxable losses of **John Foster and Son,** spinner and manufacturer of mohair and other fabrics, were reduced from £748,185 to £548,713 and, despite omitting last year's final dividend, the interim is maintained at 0.5p net per 25p share.

Turnover was down slightly at £4.62m (£4.65m). This is compared with £11.19m for the 1980-1981 year when losses amounted to £888,444 pre-tax.

The directors expect, despite last year's setback, that the group will follow its usual pattern and produce materially better second half figures with a profit in the current six months.

They state that present experience confirms expectationqs that overseas demand for the company's mohair cloth should continue to increase, and results for the 1982-83 year should show further improvement.

Although there are few signs of any improvement in the home trade the directors point out that direct and indirect exports account for about 75 per cent of turnover.

Loss per share at the halfway stageis given as 7.3p, compared with 9.9p previously.

The interim dividend will absorb £37,905 (same) and preference payments will take £4,567 (£9,135 for 1980-81 year).

● comment

John Foster is clinging to a Japanese life-raft. Exports to Japan are now more than a third of total output and Japan's appetite for Foster's up-market suits is on the rise. Helped by stabilised mohair prices and a stronger yen, pre-tax profits in the second half should reach £300,000. This indicates a loss of around £250,000 for the year. The company expects to move back into the black next year, largely due to contained wage costs and slightly better margins. Capital gearing at the year end was less than 30 per cent, but the company remains chary of financing any diversification from its one-product line. In the meantime, if the Japanese market weakens appreciably, Foster could go the way of its many erstwhile competitors. The shares, up 1p but well below par at 19p, are backed by book net assets per share of 63p. The market capitalisation is £1.3m.

Elswick-Hopper in loss midway

THE DOWNWARD trend experienced by **Elswick-Hopper** for 1980-81 has continued into the current year and for the six months to July 31 the group plunged into the red, incurring a pre-tax loss of £282,000, compared with a profit of £405,000.

However, Mr J. L. Turner, the chairman, who anticipated that the results would be well down in his report in June, says he believes the group has returned to profit in the current half although the outcome for the full year "is still uncertain."

He points out that as last year the level of demand for bicycles over the Christmas period will be crucial in determining the results.

In view of the first half loss the interim dividend is being omitted. Last year an interim of 0.5175p net was followed by a final of 0.6325p which was paid from taxable profits £640,000 down at £671,000.

Turnover of the group, whose activities include the manufacture and distribution of agricultural equipment, bicycles and specialised engineering products, declined over the first six months from £12.07m to £11.43m.

There was no tax charge (£60,000) and stated loss per 5p share emerged at 0.74p, compared with earnings of 0.91p.

Commenting on the results Mr Turner says the bicycle division's turnover and margins were substantially down as customers remained in an over-stocked position for most of the period. He adds that although demand subsequently returned to more reasonable levels and sales improved, intense competition, particularly from imports, again depressed margins.

The group has recently invested considerable capital expenditure on improving plant and premises and plans to reduce costs even further.

Demand for engineering products showed no signs of picking up, except in a few specialised areas, and the directors say they see few signs yet of an upturn in the market place. However, new products were well received and any growth is likely to come from this area. The Elswick Envoy project is progressing well although no profits will accrue from this source in the current year.

The agricultural sector adjusted to market conditions with profits beginning to improve towards the end of the first half. This trend has been maintained and although there is still over-production and margins have not yet fully recovered, the directors say they are now much more confident that a recovery in this area has begun.

The chairman says he hopes his next report is more optimistic.

NO PROBE

Mr John Biffen, Secretary of State for Trade, has decided, in accordance with the recommendation of the director general of Fair Trading, not to refer the following mergers to the Monopolies and Mergers Commission under the provisions of the Fair Trading Act 1973: FJC Lilley/MDW Holdings; Courtaulds Pensions Common Investment Fund/Grange Trust

REMY MARTIN (FAR EAST) LIMITED

INTERIM REPORT TO SHAREHOLDERS IN RESPECT OF THE YEAR ENDING 31st MARCH, 1982.

The Board of Directors of Remy Martin (Far East) Ltd announces that the unaudited consolidated profit after taxation and minority interests of the group for the six month period ended on September 30th 1981 amounted to Hong Kong Dollars Twenty Five million seven hundred and forty five thousand (HK$25,745,000), compared with Hong Kong Dollars 15,516,000 for the same period of last year, reflecting an increase of 66%.

	Six month period ending 30th September 81	Six month period ending 30th September 80
	HK$'000	HK$'000
Profit before taxation minority interests and extraordinary items	29,828	18,320
Taxation	4,340	2,702
	25,488	15,618
Share of profit attributable to minority interests	257	(102)
Net profit attributable to the members of the Company	25,745	15,516
Earnings per share	HK$0.47	HK$0.32

N.B. The calculation of earning per share is based on profit attributable to the members of the Company and;
on the weighted average of 55,000,000 (47,916,667 in 1980) ordinary shares in issue during the respective period.

DIVIDENDS

The directors have resolved to pay an interim dividend of 20 cents per share. In 1980 an interim dividend of twenty cents per share was also paid; the number of shares having been increased from 50,000,000 to 60,000,000 as a consequence of the bonus issue of one new share for five existing ones by the general meeting of the Shareholders of the Company held on July 14th 1981, the total amount of interim dividend is therefore increased by 20% compared to last year.

RECORD DATE FOR SHAREHOLDERS

In order to qualify for the above dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Registrars, Peat Marwick and Mitchell & Co, Tai Shing Commercial (Central) Building, 134-136 Des Voeux Road, Central, Hong Kong not later than 4.00 p.m. on the 26th November 1981, being the record date for all shareholders. The transfer books and Register of members of the Company will be closed from 27th November 1981 to 10th December 1981 both days inclusive, during which no share transfer will be effected.

HIGHLIGHTS

1. Despite general economic conditions in the Far East region, which had an adverse effect on the level of consumption of wines and spirits in the various markets where our group is operating, the group has been able to increase significantly its sales in volume. The successful launch of Remy Martin superior quality Cognacs, together with the strengthening of our wine divisions have helped to obtain this satisfactory result.
2. In particular the sales of our Hong Kong subsidiary, Watsons the Wine Merchants Ltd., have been extremely encouraging with an increased volume of 34%; in addition to the products already distributed, this company has been successful in obtaining new agencies including Tia Maria liqueur, de Ladoucette Loire wines, Henkell Trocken German wines.
3. At the same time, our activity in the duty free trade (airline companies, airport outlets etc.) has been very successful and we have been able for the first time in the history of the Company to obtain the listing of some of our products on board most of the airlines in the Region (Japan Airlines, Cathay Pacific, Singapore Airlines, Korean Airlines). These listings effective between 1st September and 1st January 1982 will strengthen considerably our share in this developing business.
4. The Company has studied during the period under reference an investment in property in Singapore and decision was taken at the end of this period to increase the share capital of our fully owned subsidiary, FRANCE SCOTT PRIVATE LTD, in order to partly finance the purchase of a warehouse and offices to be utilized by it.

PROSPECTS FOR THE FULL YEAR

The directors view prospects for the remainder of the year encouraging and expect the growth in sales and profitability of the various companies of the group to continue. Therefore, it is expected that the profits of the year will be again significantly higher than those of last financial year and in the absence of unforeseen circumstances, the Board expects to be able to recommend a final dividend, of not less than 35 cents per share making a total dividend of 55 cents per share on the issued capital.

Shareholders should however bear in mind that the final figures may be affected by fluctuations in foreign exchange rates.

By order of the Board

G. M. H. d'Avout
Company Secretary

CURRENCIES, MONEY and GOLD

& $ steady

ollar showed no clear trend in currency yesterday. Initial probably reflected the ise on Friday in U.S. upply. Despite this Euro-tes were easier by up to oint. Trading this week to be on the thin side, S. centres closed on

g finished slightly on balance helped by tively high interest rates European currencies. It below its best level the dollar, but was up iday's closing level in

ean currencies showed erall change within the n Currency System y. The D-mark remained test currency, recovering it after an easier trend the dollar, but was comfortably within its ce limit. The Danish as the most improved followed by the French

AR — trade-weighted Bank of England) fell to om 106.6. The dollar t DM 2.2540 against the from DM 2.2590, having high as DM 2.2720 at nt. Against the Swiss fel to SwFr 1.8075 from .8200 and Y217.50 from against the Japanese yen. LING — trade-weighted Bank of England) rose to m 90.5, having stood at oon and 90.2 in the morn-ing the dollar it opened 30 and rose steadily to best level of $1.9200 dur-afternoon. Towards the trading, however, the nded to improve and the came back to close at .9050, a rise of 55 points. the D-mark it rose to 50 from DM 4.2900 but SwFr 3.4450 from SwFr 3.4575. It was also down against the French franc at FFr 10.8050 from FFr 10.8150.

D-MARK — Weakest member of the European Monetary System following the last currency realignment, but recovering after trading close to its divergence limit for several weeks. It has also shown some improvement against the dollar but future trends in U.S. interest rates and uncertainty over Germany's economic prospects have left the market rather nervous with no clear trend evolving — The D-mark was slightly weaker at yesterday's fixing in Frankfurt. The dollar rose DM 2.2665 from DM 2.2430 and there was no intervention by the Bundesbank, while sterling improved to DM 4.2960 from DM 4.2810. Within the EMS the Dutch guilder eased to DM 91.45 per Fl 100 from DM 91.46 and the Belgian franc improved to DM 5.9770 from DM 5.9746 per BFr 100. The French franc was unchanged at DM 39.6550 per FrF 100.

FRENCH FRANC — The latest EMS reshuffle which included a devaluation of the French franc has enabled the authorities to reduce domestic interest rates, but despite this and unfavourable economic trends, including rising inflation, unemployment and trade deficit, the franc has remained fairly steady against its major trading partners — The French franc showed mixed changes at yesterday's fixing in Paris with the dollar rising to FFr 5.7175 from FFr 5.6675 and the Swiss franc easing to SwFr 3.1446 per FFr 100 from SwFr 3.1485. Sterling was firmer at FFr 10.8495 compared with FFr 10.8070. Within the EMS the D-mark rose to DM 2.5229 per FFr 100 from DM 2.5224 while the Belgian franc eased to FFr 15.0720 per BFr 100 from FFr 15.0830.

THE DOLLAR SPOT AND FORWARD

Nov 23	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8900-1.9200	1.9040-1.9050	0.57-0.47c pm	3.28	1.07-0.97 pm	2.14
Ireland†	1.5830-1.5800	1.5770-1.5800	0.85-0.75c pm	6.08	2.20-2.00 pm	5.32
Canada	1.1827-1.1850	1.1827-1.1830	0.43-0.46c dis	−4.51	0.96-1.00dis	−3.31
Nethlnd.	2.4580-2.4810	2.4580-2.4580	0.25-0.15c pm	0.98	0.75-0.65 pm	1.14
Belgium	37.78-37.96	37.81-37.83	16-21c dis	−5.88	44-50 dis	−4.98
Denmark	7.2125-7.2975	7.2350-7.2450	0.05-0.30ore dis	−0.29	2.25-2.75dis	−1.39
W. Ger.	2.2420-2.2720	2.2535-2.2545	0.35-0.30pf pm	1.73	1.00-0.94 pm	1.72
Portugal	64.65-65.00	64.70-64.90	30-110c dis	−12.96	70-240 dis	−9.57
Spain	96.10-97.00	96.10-96.15	28-35c dis	−3.92	80-100 dis	−3.74
Italy	1198-1208	1198-1199	8¼-9⅞lire dis	−9.11	25-27 dis	−8.68
Norway	5.7875-5.8090	5.7875-5.7925	2.40-2.90ore dis	−5.49	2.75-3.25dis	−2.07
France	5.6550-5.7250	5.6700-5.6750	1.65-1.85c dis	−3.71	5.75-6.15dis	−4.20
Sweden	5.4875-5.5210	5.4875-5.4925	0.35-0.50ore dis	−0.93	0.40-0.55dis	−0.34
Japan	216.25-218.00	217.45-217.55	1.15-1.00y pm	5.93	2.95-2.80 pm	5.29
Austria	15.73-15.91	15.77½-15.78½	5½-4gro pm	3.61	11¾-7¾ pm	2.41
Switz.	1.7930-1.8220	1.8070-1.8080	0.44-0.36c pm	2.86	1.15-1.07 pm	2.46

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

THE POUND SPOT AND FORWARD

Nov 23	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.8900-1.9200	1.9040-1.9050	0.57-0.47c pm	3.28	1.07-0.97 pm	2.14
Canada	2.2400-2.2660	2.2520-2.2530	0.30-0.40c dis	−1.86	0.55-0.75dis	−1.15
Nethlnd.	4.68-4.72	4.69½-4.70½	1½-1¼c pm	3.51	3⅞-3⅝ pm	3.09
Belgium	71.70-72.40	72.00-72.10	11-21c dis	−2.66	50-60 dis	−3.05
Denmark	13.76-13.83	13.76½-13.77½	3¾-2¾ore pm	2.83	3⅞-2½ pm	0.93
Ireland	1.2070-1.2140	1.2090-1.2110	0.24-0.36p dis	−2.98	0.87-1.07dis	−3.21
W. Ger.	4.27½-4.31½	4.29-4.30	2-1½pf pm	4.89	4¼-3⅞ pm	3.84
Portugal	122.50-124.00	123.20-123.50	25-180c dis	−9.97	65-400 dis	−7.54
Spain	183.00-184.50	183.05-183.25	par-30c dis	−0.98	50-85 dis	−1.47
Italy	2284-2296	2285-2287	10¾-13¾lire dis	−6.43	36½-39½ dis	−6.65
Norway	10.98-11.12	11.01½-11.02½	1¼-2¼ore dis	−1.87	¾ pm-½ dis	0.05
France	10.80-10.85	10.80-10.81	⅛-1⅛c dis	−0.69	5¼-6¼ dis	−2.13
Sweden	10.44-10.54	10.45-10.46	2-1¾ore pm	2.15	5¼-4¼ pm	1.91
Japan	407-420	414-415	3.35-3.05y pm	9.26	7.95-7.85 pm	7.53
Austria	29.90-30.25	29.95-30.00	18-13gro pm	6.21	38-26 pm	4.14
Switz.	3.42-3.46	3.44-3.45	1⅞-1⅜c pm	5.66	4⅞-3⅞ pm	4.79

Belgian rate is for convertible francs. Financial franc 80.20-8.30.
Six-month forward dollar 1.38-1.28c pm. 12-month 1.70-7.50c pm.

CURRENCY MOVEMENTS

Nov. 23	Bank of England Index	Morgan Guaranty Changes%
Sterling	90.7	−33.2
U.S. dollar	106.3	+0.2
Canadian dollar	88.6	−16.2
Austrian schilling	116.8	+24.7
Belgian franc	105.1	+9.3
Danish kroner	88.4	−9.1
Deutsche mark	122.1	+42.9
Swiss franc	153.8	+104.0
Guilder	114.8	+19.7
French franc	81.1	−14.0
Lira	55.6	−57.5
Yen	146.1	+40.2

Based on trade weighted changes from Washington agreement December, 1971. Bank of England index (base average 1975=100).

CURRENCY RATES

Nov. 20	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.611462	0.571734
U.S. $	15	1.16667	1.09030
Canadian $	15.40	1.38204	1.29146
Austria Sch.	6¾	18.3529	17.1831
Belgian F.	13	43.8435	41.0060
Danish Kr.	11	8.43736	7.89211
D mark	7½	2.61684	2.44990
Guilder	9	2.86476	2.67995
French Fr.	9½	6.61210	6.18525
Lira	19	1397.96	1306.45
Yen	5¼	257.601	238.993
Norwgn. Kr.	9	6.77602	6.32426
Spanish Pts.	8	111.965	104.614
Swedish Kr.	11	6.42569	6.00590
Swiss Fr.	6	Unvail'ble	1.96562
Greek Dr'ch.	20½	—	61.9942

OTHER CURRENCIES

Nov. 23	£	$		£ Note Rates
Argentina Peso	12,572-12,592†	6595-6615†	Austria	30.00-30.30
Australia Dollar	1.6660-1.6680	0.8715-0.8720	Belgium	79.25-80.25
Brazil Cruzeiro	225.58-226.56	118.37-118.96	Denmark	13.77-13.91
Finland Markka	8.312-8.324	4.3700-4.3720	France	10.79-10.94
Greek Drachma	106.217-109.469	56.65-56.85	Germany	4.27-4.31
Hong Kong Dollar	10.83-10.85	5.6490-5.6540	Italy	2295-2345
Iran Rial	150.50*	78.90*	Japan	410-415
Kuwait Dinar (KD)	0.528-0.534	0.2806-0.2808	Netherlands	4.68-4.72
Luxembourg Fr.	72.00-72.10	37.81-37.83	Norway	10.96-11.06
Malaysia Dollar	4.2950-4.3050	2.2595-2.2425	Portugal	122-131¾
New Zealand Dlr.	2.2945-2.2985	1.1990-1.2000	Spain	181½-193
Saudi Arab. Riyal	6.44-6.50	3.4195-3.4215	Sweden	10.43-10.51
Singapore Dollar	3.9270-3.9370	2.0480-2.0505	Switzerland	3.43-3.46
Sth. African Rand	1.8445-1.8465	0.9685-0.9695	United States	1.90½-1.92½
U.A.E. Dirham	6.92-6.98	3.6715-3.6730	Yugoslavia	85-91½

†Rate given for Argentina is the commercial rate. The financial rate for sterling is 20,802-20,822 and for the dollar 10,900-10,950. *Selling rate.

EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU November 23	% change from central rate	% change adjusted for divergence	Divergence limit %
ranc ...	40.7572	41.0483	+0.71	−0.02	±1.5368
rons ...	7.91117	7.88849	−0.29	−1.02	±1.6412
D-Mark	2.40989	2.45185	+1.74	+1.01	±1.1077
anc ...	6.17443	6.18514	+0.17	−0.56	±1.3733
ilder ...	2.66382	2.67954	+0.59	−0.14	±1.5063
...	0.684452	0.690383	+0.87	+0.14	±1.6688
ra ...	1300.67	1306.89	+0.48	+0.48	±4.1229

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

Sterling/ECU rate for November 23 — 0.570411

[EXCH]ANGE CROSS RATES

Nov. 23	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
[P]ound Sterling	1.	1.905	4.295	414.5	10.805	3.445	4.700	2286.	2.253	72.05
[U.S. Dolla]r	0.525	1.	2.255	217.6	5.673	1.809	2.468	1200.	1.183	37.83
[Deutsche]mark	0.233	0.443	1.	96.51	2.516	0.802	1.094	532.2	0.524	16.78
[Japanese] Yen 1,000	2.413	4.595	10.36	1000.	26.07	8.311	11.34	5515.	5.434	173.8
[French Fr]anc 10	0.925	1.763	3.975	383.6	10.	3.188	4.350	2116.	2.085	66.68
[Swiss Fra]nc	0.290	0.553	1.247	120.3	3.136	1.	1.364	663.6	0.654	20.91
[Dutch Gui]lder	0.213	0.405	0.914	88.19	2.299	0.733	1.	486.4	0.479	15.33
[Italian Lir]a 1,000	0.437	0.833	1.879	181.3	4.727	1.507	2.056	1000.	0.985	31.52
[Canadian] Dollar	0.444	0.846	1.907	184.0	4.797	1.529	2.087	1015.	1.	31.99
[Belgian Fr]anc 100	1.388	2.643	5.961	575.3	15.00	4.781	6.523	3173.	3.126	100.

[LO]NDON INTERBANK FIXING (11.00 a.m. NOVEMBER 23)

[3 m]onths U.S. dollars		6 months U.S. dollars	
[bid ...]5/16	offer 127/16	bid 12 3/4	offer 12 7/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

CURRENCY INTEREST RATES (Market closing Rates)

[Nov. 2]3	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
[Short term]	15⅝-15⅝	11¾-12	18-19	11¼-11⅝	4¾-5	10½-10⅝	15¼-15¾	24-29	12¼-15¼	6-6¼
[7 days n]otice	15⅝-15⅝	11⅞-12⅛	18-19	11¼-11⅜	17½-18½	10½-10⅝	15¼-15¾	20½-23½	15-20	6½-6⅝
[Month]	15⅞-15⅞	11⅞-12⅛	16½-16⅞	11¼ 11⅝	9⅛-9¼	10⅞-10⅞	15⅜-15¾	20-21	16¼-17¾	6⅞-6⅞
[Three mon]ths	14¾ 14⅞	12⅛-12⅜	15⅞-16¼	11¼-11⅜	9¾-9⅞	10½-10⅝	16⅝ 17	20¾-21½	17-17¾	7⅛-7⅜
[Six months]	14½-14⅝	12⅝-12⅞	15⅝-16	11½-11⅜	9⅞-9⅞	10⅛-10¼	17½-17⅞	21½-22¼	17¼-17¾	7⅛-7⅜
[One year]	14¼-14⅜	12⅞-13⅛	15¾-16⅛	11¼-11⅜	8⅞-9	9⅞-9⅞	18-18½	21½-22½	15⅞-16⅝	7⅛-7⅜

[Long-term Eurodollar ... li]nked deposits: one month 11¾-12⅛ per cent; three months 12-12⅛ per cent; six months 12⅛-12½ per cent; one year 12⅝-12⅞ per cent.
[... li]nked deposits: one month 13⅞-14⅛ per cent; three months 14⅛-14⅞ per cent; six months 14⅜-14½ per cent; one year 13⅞-14⅛ per cent.
[Asian $] (closing rates in Singapore): one month 12⅛-12⅜ per cent; three months 12⅞-12⅞ per cent; six months 12⅞-12⅞ per cent; one year 13⅛-13⅜ per cent. [Long-]term Eurodollar two years 14-14⅛ per cent; three years 14½-14⅜ per cent; four years 14½-14½ per cent; five years 14⅜-14⅝ per cent nominal closing rates. [The fol]lowing nominal rates were quoted for London dollar certificates of deposit: one month 12.00-12.10 per cent; three months 12.00-12.10 per cent; six [months 12.]35-12.45 per cent; one year 12.70-12.80.

[MON]EY MARKETS

[C]onfused trading

[UK] clearing bank base [lending] rates 15 per cent [(sin]ce November 10)

[There] was some confusion [over th]e overall credit position [of the] London money market [yesterday] morning, but the [authoritie]s were in little doubt [from th]e outset that money [would be] fairly difficult to find. [V]ery substantial factors [against th]e of the market led to [...] a possible surplus, in-[...]payment of £354m in [supp]ort grant, gilt dividends £380m, and some £100m from the maturity of [...] cent Exchequer 1981, [but this] was partly offset by tax [...], and possibly official [sales of g]ilt-edged stock, leading [to a figu]re on Exchequer trans-[actions] of only plus-£470m, [...] to the morning fore-[cast by] the Bank of England. [The ma]rket was also expected [to be he]lped by a fall in the [note circ]ulation of plus-£70m, but [against] these were set bills [maturing] in official hands minus-[...]d the unwinding of re-[purchase] agreements on bills [...]8m.

[In the] interbank market over-[night loa]ns opened at 15¾-16 per [cent and] eased to 15¾ per cent, [before ri]sing to 16 per cent on [the forec]ast from the authorities [of a s]hortage of day-to-day [credit.] Rates ranged between [... per] cent and 15¾ per cent for the rest of the day, but fell to 7 per cent at the close following the assistance given to the market by the Bank of England.

Seven-day money fell to a general level of 15⅛-15⅜ per cent from 16¼-16⅜ per cent, and although longer term rates were slightly firmer there were hopes that the day-to-day position of the market may not prove too difficult for the rest of the week. This, coupled with the continuing easier trend in Euro-dollar interest rates and the strength of sterling on the foreign exchanges, has renewed speculation about a possible cut in clearing bank base rates in the near future.

A shortage of £300m was forecast by the authorities yesterday, but the total help provided was £357m, all by bill purchases within the dealing spread of 14⅛-14⅜ per cent established towards the end of last week.

In the morning the Bank of England bought £282m bills by way of £1m bank bills in band 1 (up to 14 days maturity) at 14⅜ per cent; £14m Treasury bills in band 2 (15-33 days maturity) at 1⅛ 4epr cent; £144m bank bills in band 2 at 14⅛ per cent; £40m local authority bills in band 3 (34-63 days maturity) at 14¼ per cent; and £83m bank bills in band 3 at 14¼ per cent.

Additional assistance of £75m was given in the afternoon when the authorities bought £53m local authority bills in band 2 at 14⅛ per cent; £9m bank bills in band 2 at 14⅛ per cent; £1m Treasury bills in band 3 at 14¼ per cent; and £12m bank bills in band 3 at 14¼ per cent.

GOLD

Weaker trend

Gold fell $7½ an ounce in the London bullion market yesterday to close at $395-396. It opened at the same level and was fixed during the morning at $396.00 and $396.75 in the afternoon. Trading was again rather quiet with nothing in the way of fresh factors to influence trading.

In Paris the 12½ kilo bar was fixed at FFr 74,500 per kilo ($405.28 per ounce) in the afternoon compared with FFr 74,500 ($404.75) in the morning and FFr 75,000 ($411.59) on Friday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 28,960 per kilo ($397.99 per ounce) against DM 29,115 ($402.99) previously and closed at $396½-397½ from $401-402.

In Luxembourg the dollar per ounce equivalent of the 12½ kilo bar was $39.640.

In Zurich gold finished at $395-398 from $400-403.

	Nov. 23		Nov. 19	
Gold Bullion (fine ounce)				
Close	$395-396	(£206.8-207.3)	$402½-403½	(£212.4-212.9)
Opening	$395-396	(£208.5-209)	$401-402	(£210.5-211)
Morning fixing	$396	(£208.971)	$401	(£210.146)
Afternoon fixing	$396.75	(£207.614)	$401.50	(£211.038)
Gold Coins				
Krugerrand	$407½-408½	(£213½-214)	$414½-415½	(£218½-219)
1/2 Krugerrand	$210-211	(£110-110½)	$213½-214½	(£112½-113)
1/4 Krugerrand	$107-108	(£56-56½)	$109-110	(£57½-58)
1/10 Krugerrand	$43½-44½	(£22¾-23¼)	$44½-45½	(£23½-24)
Mapleleaf	$407½-408½	(£213½-214)	$414½-416½	(£218½-219¾)
New Sovereigns	$96¾-97½	(£50¾-51)	$98½-99	(£52-52¼)
King Sovereigns	$106-107	(£55½-56)	$107-108	(£56½-57½)
Victoria Sovs.	$106-107	(£55½-56)	$107-108	(£56½-57½)
French 20s	$92-102	(£48¼-53½)	$88-98	(£46½-51¾)
50 pesos Mexico	$489-492	(£256¼-257¾)	$497-500	(£262-263¾)
100 Cor. Austria	$384-388	(£201¼-203¼)	$390-394	(£205¾-207¾)
$20 Eagles	$492-497	(£257¾-260½)	$495-501	(£261½-264¼)

LONDON MONEY RATES

Nov. 23 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	7-16	15¼-16	—	—	15⅛-16	14-16	—	—	—
2 days notice	—	—	15⅜-15⅝	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	15⅛-15⅞	15⅛-15⅝	—	—	15⅞-16¼	14¾-15¼	—	—	—
One month	15⅛-15⅛	15⅛-15⅝	15¼	15⅛-15⅛	15¼	15⅝	14⅜-14½	14⅛-14⅝	14⅝-14⅞	15½
Two months	15-14⅞	15⅛ 15⅜	—	15⅛-15	15⅛	15⅜	14	14¼-14⅛	14⅛-14⅛	15⅛
Three months	14¾-14⅝	14¾-14⅞	14⅞	15-14⅝	14⅞	15⅛-15¼	13¾	13⅞-14	14-14⅛	14⅛
Six months	14⅜-14¼	14⅜-14⅝	14½	14⅛-13⅞	14½	14⅞	—	—	13⅜ 13⅞	14
Nine months	14⅛-14⅛	14⅛-14½	—	14½-14⅛	14½	14⅝	—	—	—	—
One year	14¼-13⅞	14¼-14⅛	14⅛	14½-14¼	14⅛	14½	—	—	—	—
Two years	—	—	14¾	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 15 per cent; four years 15 per cent; five years 15 per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13⅞ per cent; four months trade bills 14⅞ per cent.

Approximate selling rate for one month Treasury bills 14⅛-14⅞ per cent; two months 14⅛-14⅛ per cent; three months 13⅞-13⅞ per cent. Approximate selling rate for one month bank bills 14⅛ per cent; two months 14⅞-14¼ per cent; and three months 13⅞-13⅞ per cent; one month trade bills 16⅛ per cent; two months 14⅞ per cent; three months 14⅛ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 16 per cent from November 1 1981. Clearing Bank Deposit Rates for sums at seven days' notice 13 per cent. Clearing Bank Rates for lending 15 per cent. Treasury Bills: Average tender rate of discount 13.8081 per cent.

[...] RATES

[...]RK

...	16-16½
...	12⅞-12⅞
[Treasury B]ills (13-week)	10.22
[Treasury B]ills (26-week)	10.70
Y	
[Lo]mbard	11.0
rate	10.55
...	10.85
[... mon]ths	10.80
...	10.25
[...] rate	15.25
rate	15.625
...	15.4375
[... mo]nths	15.4375
...	15.4375
[...]ate	6.25
[...]dditional)	6.75
[...]nt (three-month)	7.34375

APPOINTMENTS

Managing director for Carpets International UK

Mr Colin Plumbe has been appointed managing director, UK operations, CARPETS INTERNATIONAL. He joined the board of the parent company in April as director for UK Strategic Operations. Previously he was deputy managing director of The Carpet Manufacturing Company and, earlier, managing director of Croslee Yarns.

★

Mr Geoffrey Nichols has been appointed adviser to SAMUEL MONTAGU AND COMPANY on international business.

★

Mr Colin Walters, PICCADILLY RADIO'S programme controller for the past eight years, has been appointed deputy managing director of the company.

★

Mr Brian G. Davies has been appointed director and general manager of the carton packaging division of ROBINSONS OF CHESTERFIELD.

★

Mr Simon Bee, general manager of radio rentals contracts, the business division of THORN EMI Television Rentals, has been appointed a director.

★

Mr Gordon H. Griffiths, an executive director of GUEST, KEEN AND NETTLEFOLDS, is to retire. He will progressively relinquish executive responsibilities, continuing as a director of the company until the annual meeting in May.

★

RENOLD has appointed Sir Campbell Adamson deputy chairman. Sir Campbell has been a director of the company since 1976.

★

Mr J. W. Poulter has been appointed managing director of VOKES, Guildford, a member of the Thomas Tilling Group.

★

Mr K. F. Einfeld has been appointed deputy chairman of INTERNATIONAL COMMERCIAL BANK.

★

Mr L. E. Quilter has been appointed first vice-president at the London branch of CREDIT SUISSE.

★

Mr Mike Bright has been appointed chairman and managing director of KEARNEY AND TRECKER MARWIN, a subsidiary of Vickers. He was managing director of Cross International.

OVERSEAS

Union Pacific senior post

UNION PACIFIC CORPORATION has made the following appointments: Mr John R. Meyer, professor of transportation, logistics and distribution at the Harvard Graduate School of Business Administration and a director of Union Pacific Corporation since 1978, has been elected vice-chairman from January 1. Mr Meyer will assist in the development of an economics staff.

Mr James W. Otto, controller, has been made vice-president and controller, and Mr Edward R. Hill, director-financial administration, has become vice-president-financial administration. Mr Eugene P. Kopp, associate general counsel for Union Pacific's oil and gas subsidiary, Champlin Petroleum, has been appointed vice-president-Washington affairs from December 1.

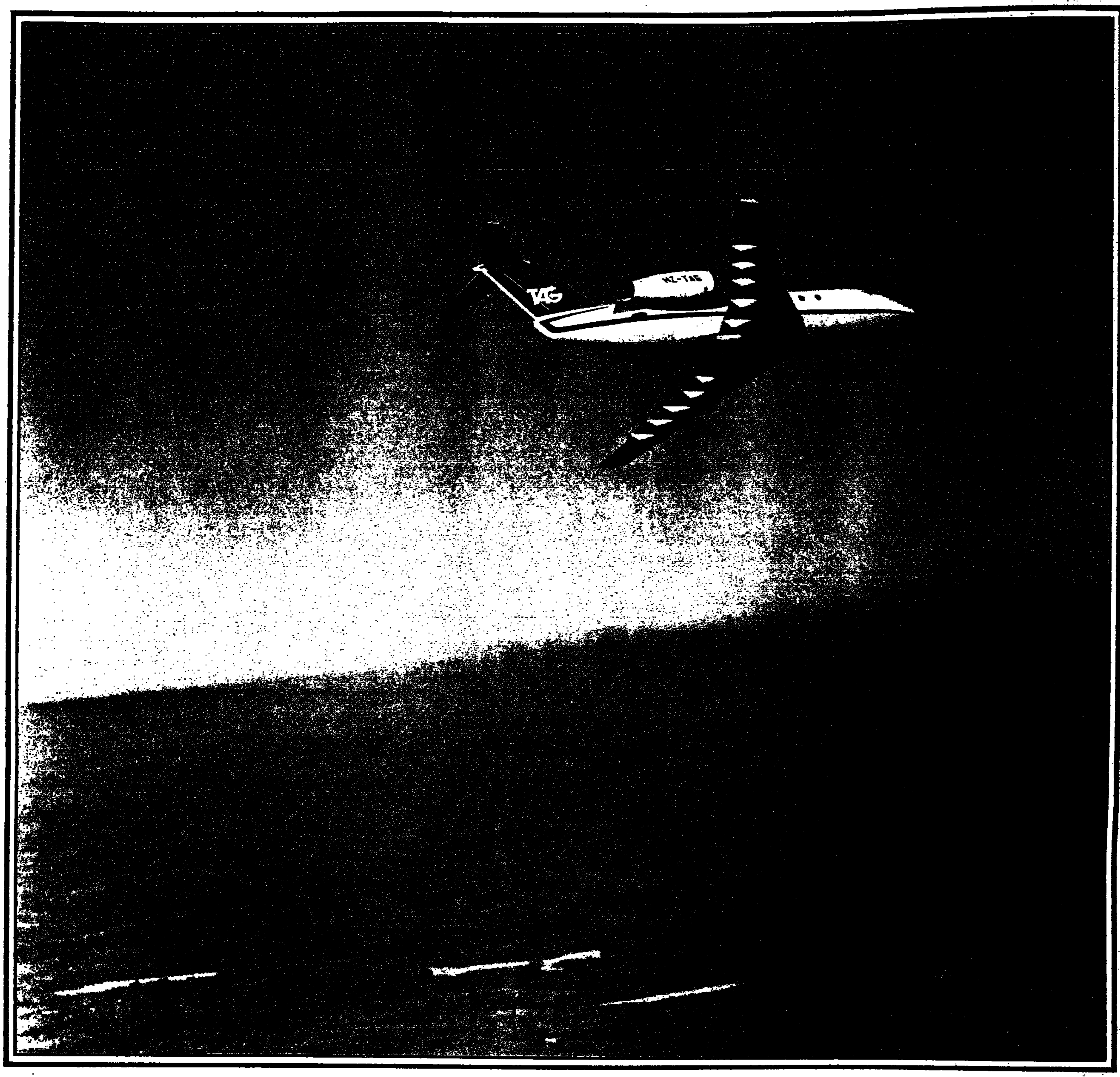
★

MORGAN GUARANTY TRUST COMPANY OF NEW YORK has promoted Mr John W. Lapsley to senior vice-president. In addition to his present work as personnel liaison officer in the bank's trust and investment division, he will be responsible for office administration and financial planning for that division. Previously, Mr Lapsley served as general manager of the London offices of the bank from 1978 to 1980.

FT UNIT TRUST INFORMATION SERVICE

OFFSHORE & OVERSEAS FUNDS

ABOVE THE REST.



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...TEEL, the leading Ameri... ...eelmaker, is raising the ...credit line it negotiated ...ummer with a group of ... to $5bn.

... move suggests that the ... steelmaker is far from ...ent that it will be able to ...ete its $6.6bn merger with ...hon Oil without trouble.

... Steel and Marathon ... announced last Thurs... ...hat they had agreed to ... in a deal involving an ... by U.S. Steel of $125 a ... for 51 per cent of ...hon and debt securities ... $100 each for each ...ning Marathon share.

...il, which is offering ... share for about two-thirds ...rathon, or 40m Marathon ..., is expected to respond ...e proposed U.S. Steel-...hon merger as soon as it ...ee some concrete signal ... its own bid would not ...nter any serious anti-trust ...tions.

A Federal court is expected to rule on a preliminary injunction filed by Marathon against Mobil's bid at the end of this week. Should the ruling go in Mobil's favour, the oil company is expected to return to the attack with a higher bid.

Certainly, Wall Street views the battle for Marathon as being far from over. Indeed, Mobil said yesterday that it had received, as of midnight last Friday, about 23m Marathon shares. Although Marathon shareholders could switch these shares to U.S. Steel, the size of the initial offering to Mobil suggests that Marathon shareholders expect Mobil to come up with a more attractive second bid.

Moreover, there is an increasingly strong possibility that another oil company will make a higher bid, especially if Mobil appears to be winning the anti-trust issue.

In documents filed with the Securities and Exchange Commission, Marathon disclosed that it had received a verbal proposal by the chief executive of another oil company to acquire Marathon at an average price of $120 a share—or about $15 more than U.S. Steel's offer which averages about $105 a share. The offer by the unnamed company, which is understood to be Gulf Oil, involves $130 to $140 a share for 50 per cent of Marathon in cash to be followed by a merger involving securities with a value of $100 to $110 a share.

Although Marathon has granted U.S. Steel an option to buy for $2.8bn its interest in the Yates Field in Texas if its *friendly takeover fails, this* option is expected to be challenged in the courts by Mobil.

The Federal Trade Commission is reviewing Mobil's bid and is also expected to look at U.S. Steel's plan.

.Chile fruit group goes bankrupt

...Y MARY HELEN SPOONER IN SANTIAGO

...E'S LARGEST fruit ...ting company, the Com... *Frutera Sudamericana* ...o), has declared bank..., leaving debts estimated ...ver U.S.$41.1m among 24 ...tor banks and finance com...s.

...co's collapse has been ...uted to a sharp decline in ... over the past year, along ...some questionable account... ...ractices. From 1975 to 1980 ...ompany increased its sales ... U.S.$6m to U.S.$50m. But ...ues fell sharply this year ...e face of the recession and ...veakening of certain Euro... currencies against the ...r. In April, sales were ...ted at U.S.$4.8m and in ... the figure was barely ...1m.

...spite this decline in revenues, Frutera Sudamericana was authorised earlier this year by the Chilean Securities Superintendency to issue brokerage certificates offering interest rates higher than those of most Chilean banks and finance companies.

The company's debts in this area have been reported at U.S.$21.5m. The fact that Safco was offering such certificates as late as last month has raised questions about the accuracy of the company's records and the Chilean Securities Superintendency's regulatory practices.

Safco's outstanding debts to banks and finance companies involve more than 40 per cent of the financial institutions operating in Chile. Of the U.S.$41.1m in such debts, almost U.S.$9m is owed to five foreign banks—the Bank of Tokyo, the Republic National Bank, the *Banco de la Nacional Argentina*, the Banco de Colombia and the Banco Promotor de Panama.

Meanwhile, there have been persistent, though unconfirmed reports that Castle and Cook, the Hawaiian-based food producer and distributor, is planning to buy Safco. The corporation's Chilean subsidiary, the Standard Trading Company, recently moved into the Santiago offices of Safo's president.

Standard Trading has in the past acted as an intermediary for part of Safco's exports, though the company said it was only temporarily renting the Safco persident's offices until larger facilities could be located.

...FT INTERNATIONAL BOND SERVICE

...The list shows the 200 latest international bond issues for which an adequate secondary market ...s. For further details of these or other bonds see the complete list of Eurobond prices which ...be published next on Tuesday December 15. Closing prices on November 23

M. Bk. Dnmk. 9 91 EUA	25	79¾	80½	+1⅛	+1½	12.86
SOFTE 8¾ 89 EUA	40	74⅞	75⅞	−0⅛	−0⅜	13.77
U. Bk Nwy 9½ 90 EUA	18	82	83	−0⅛	+1⅜	13.06
Algemene Bk. 10⅛ 86 Fl	60	96⅝	97⅛	0	+0⅛	11.18
Amfas Group 12⅛ 86 Fl	40	99	99½	0	0	12.46
Amro Bank 12 86 Fl ...	75	101¼	101¾	0	+0⅛	11.52
Amro Bank 12 86 Fl ...	60	99⅞	100⅜	−0⅜	−0⅛	11.95
Heinaken NV 10 87 Fl...	100	94½	94⅝	0	+0⅛	11.37
Pierson 10⅛ 86 Fl	60	94⅜	94⅞	+0½	+0⅞	11.89
Rabobank 12 86 Fl	50	100⅜	101	−0½	−0⅜	11.73
Air France 14¾ 86 FFr. .	200	91½	92½	0	−0⅜	17.14
Bk. America 14¼ 86 FFr	250	91⅜	92⅜	0	0	17.08
Charb'nages 13⅞ 85 FFr	400	90⅜	91⅜	+0⅛	0	17.00
EIB 14⅛ 88 FFr	300	87⅛	88⅛	+0⅛	+0⅜	17.55
La Redoute 14⅜ 85 FFr	125	89⅞	90⅞	+0⅛	−0⅞	17.86
OKB 14 86 FFr	400	91⅛	92⅛	0	−0⅞	16.86
Solvay et C. 14⅜ 86 FFr	200	90⅜	91⅜	0	+0½	17.73
Swed E. Cr. 14⅜ 86 FFr	250	90⅜	91⅜	0	+0¾	17.70
U Mex. Sts. 14 85 FFr	150	91	92	0	+0⅜	17.31
Acona 14 85 £	20	91⅝	92⅝	0	+0½	16.84
Beneficial 14¼ 90 £ ...	20	84½	85½	−0¼	+1⅜	17.69
BNP 13½ 91 £	15	84½	85½	−0⅛	+0⅜	16.79
CECA 13½ 88 £	20	89½	90½	+0⅛	+0⅞	15.97
Citicorp O/S 13¾ 90 £	50	90⅛	91⅛	−0⅛	+0⅜	15.45
Fin. Ex. Cred. 13⅜ 86 £	15	92⅜	93⅜	−0⅛	+0⅜	16.07
Gen. Elec. Co. 12½ 89 £	50	87⅛	88⅛	−0½	+0½	15.26
Hiram Walker 14¼ 86 £	25	94½	95¼	−0⅛	−0⅜	15.92
Privatbanken 14½ 88 £	12	92⅜	93⅞	−0⅛	+2⅜	15.20
J. Rothschild 14¼ 90 £	12	93⅜	94⅜	−0⅛	+0½	15.53
Royal Trustco 14 86 £...	12	94⅜	95⅜	−0⅛	−0⅛	15.68
Swed. Ex. Cr. 13⅜ 86 £	20	92⅜	93⅜	−0⅛	+0⅜	16.09
Akzo 9¼ 87 LuxFr	500	86½	87½	0	+0⅛	12.47
Euratom 9⅜ 88 LuxFr...	500	87	88	0	−0⅛	12.80
Eurofima 10½ 87 LuxFr	500	89½	90½	+0⅛	+0⅛	13.08
EIB 9¾ 88 LuxFr	600	84⅞	85⅞	+0⅛	+0⅛	13.25
Volvo 9⅜ 87 LuxFr	500	85⅜	86⅜	0	+0⅛	13.31

FLOATING RATE NOTES

NOTES	Spread	Bid	Offer	C dte	C.cpn	C.yld
Bank of Montreal 5¾ 90	0¼	99½	100	18/12	16⅜	16.79
Bank of Montreal 5¼ 91	0¼	100⅛	100⅜	29/4	17.06	16.98
Bk. Nova Scotia 5¼ 93	0¼	100½	101	29/4	17.06	16.94
BBL Int. 5 86	0¼	99⅜	100⅛	20/5	13½	13.50
[illegible]						

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]						
Marui 6 96	7/81	931	102½	104	+1⅞	−1.84
Matsushita El. 7½ 95...	11/80	590	93	94½	+0⅞	−0.34
Minolta Camera 5 96 ...	10/81	909	77½	79	0	9.51
Murata 5¾ 96	7/81	2190	85⅝	87⅛	−0⅜	8.63
NKK 6½ 96	7/81	188	99	100½	+1⅜	−1.27
Nippon Chemi-C. 5 91...	10/81	919	80⅛	82¼	+1⅜	1.32
Ricoh 6⅛ 95	8/80	604	120⅞	122⅞	+0⅞	3.43
Sanyo Electric 5 96......	10/81	652	86⅛	87⅛	+0⅛	9.54
Sumitomo Met. 5¾ 96 ..	10/81	305	88½	90	+0⅛	2.59
Swiss Bk. Cpn. 6⅛ 90	9/80	700	†84	86	+2	23.52
Taylor Woodrow 8⅜ 90	1/81	4.94	*†77	78	0	2.30
Transco Int. 8⅜ 95	2/81	68	†82	83½	0	28.62
Tricorp 8½ 95	12/80	31.25	†75½	77	0	33.30
Union Bk. Switz. 5 89...	2/80	70 79	†90	92	+2	10.92
Sharp Cpn. 6½ 88 DM...	9/80	591.8	178½	179¾	+3⅜	−2.57
Uny Co. 6½ 85 DM......	11/79	879.3	103⅜	104⅜	+0⅛	−3.02

The remaining sections of the table (U.S. dollar straights, Deutsche Mark straights, Swiss franc straights, Yen straights, other straights, the rest of the floating rate notes and the first convertible bonds) are [illegible].

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

NatWest launches $100m Eurobond

By Alan Friedman

A $100m 10-year Eurodollar bond was launched last night for National Westminster Bank. The issue, led by County Bank, carries a 14¼ per cent coupon and is priced at par. No call features are attached.

The proceeds are to be applied to the bank's international business. The last time NatWest raised money through a fixed-interest Eurodollar bond was in June 1978. More recently the bank has offered dollar floating rate notes and a D-Mark fixed interest bond.

There were no other new issues in the Eurodollar sector, and dealers marked bond prices down around ½ point as talk of "consolidation" continued. Very little investor demand was reported and the market was said to be quiet despite the fact that Fed funds were trading at 12¼ per cent.

In the D-Mark foreign bond sector, prices were off ¼ point in moderate trading. The market was preparing for today's launch of a DM 250m World Bank issue through Deutsche Bank. Tomorrow the *West German Capital Markets* Sub-committee meets to decide the foreign bond calendar for the period through Christmas.

The Swiss franc foreign bond sector moved up around ¼ point as investors awaited a further fall in interest rates.

● The EEC's Fl 100m 12-year issue on the Dutch market was priced last night at 100¼. With a coupon of 12¼ per cent, this suggests a yield of 12.09 per cent.

● A KD 7m seven-year issue was launched for Union Pacific, the U.S. railway and energy group. The bonds are expected to bear a coupon of 11½ to 11¾ per cent and should be priced at par. Lead manager is the Kuwait International Investment Company.

● In the table of Current International Bond Issues published on Monday, November 23, the listing among Swiss franc issues for OKB (Austria) was given incorrectly as OKG (Sweden).

Venezuela to raise $500m Eurocredit

By Peter Montagnon, Euromarkets Correspondent

CHASE MANHATTAN confirmed yesterday that it will act as agent in a group of 11 international banks mandated to raise a $500m, 10-year credit for the Republic of Venezuela on the basis of a ¾ per cent margin over Libor for the first two years and *⅞ per cent thereafter.*

The credit, which bears a grace period of four years, is the first medium-term borrowing in the Eurocredit market by Venezuela since the summer of last year. It is intended to refinance some of the country's short term debt which amounts to more than $10bn.

Other banks in the group are Arab Banking, Banco Industrial de Venezuela, Banco Mercantil, Bank of Tokyo, Bank of Montreal, CIBC, Credit Agricole, Gulf, *Morgan Guaranty and Orion* Royal.

They will be holding a meeting shortly to determine *marketing strategy* for the credit amid market suggestions that part of the loan at least may be sold in the open market on an eight-year basis only.

Abitibi-Price lifts newsprint price in U.S.

By Our Montreal Correspondent

ABITIBI-PRICE plans to raise newsprint prices about 5 per cent, or U.S.$25 per metric tonne, in the U.S. market from March 1. This appears to bring its U.S. base price in New York to around U.S.$525 a tonne.

The world's largest newsprint producer, Abitibi-Price markets are mainly in the central and eastern areas of the U.S.

A week ago another major producer, Consolidated-Bathurst, announced an increase *of U.S.$40 a tonne* in the U.S. market, bringing the base price to around U.S.$540, effective March 1. The company's markets lie mainly in the eastern U.S. This followed similar increases posted by major British Columbia producers.

Abitibi-Price quoted the same reasons as Consolidated-Bathurst and the western producers for its proposed increase. Wages are going up more than 10 per cent a year, and oil, chemicals and electricity costs are also rising strongly.

Producers say that on a weighted basis, the average price in 1982 will just about cover the projected cost increases.

Dome sells off properties in C$890m debt reshuffle

BY ROBERT GIBBENS IN MONTREAL

DOME PETROLEUM, the Canadian oil company which has been spearheading the Federal Government's plans to "Canadianise" the nation's energy assets, is selling off a one-quarter stake of the Canadian mainland and frontier oil and gas interests of Hudson's Bay Oil and Gas, of which Dome Petroleum owns 53 per cent. The total price is C$890m

One part of the deal takes the form of a restructuring of Dome's debt, with Dome Petroleum selling a 12.5 per cent stake in Hudson's Bay Oil's Canadian energy properties to Dome Canada for C$460m (US$386.6m). Dome Canada which is 48 per cent owned by Dome Petroleum, was set up this year under Canadaian ownership in order to meet the requirements of the National Energy Programme.

Dome also proposes to sell another 12.5 per cent undivided interest in Hudson's Bay Oil's Western Canada oil proerties to a subsidiary of Dow Chemical of the U.S. for C$430m (U.S.$361.3m). Dow is a long-standing partner of Dome in a number of Western Canada projects. This deal does not include any interest in Dome's frontier properties.

The effect of the two deals would be to reduce Dome Petroleum's long-term debt, which potentially could reach nearly C$5bn, assuming no asset sales were made. Oil industry analysts still believe a buyer may be found for all or part of the Indonesian assets

Dome bought 53 per cent of Hudson's Bay Oil early this year from Conoco of the U.S. and is at present proposing to buy the minority holding with an exchange of preferred shares with a value of just over C$2bn.

If the takeover of the minority-held Hudson's Bay Oil shares goes through as planned, Dome would also get access to 100 per cent of that company's cash flow, which would also help it carry its debt-load. The Federal Government has just modified a clause in the November 12 budget, which, in effect, allows this takeover to go through.

U.S. labour costs to rise 8%

BY IAN HARGREAVES IN NEW YORK

LABOUR COSTS in the U.S. are expected to increase by 8 per cent next year, one percentage point less than the forecast rise in consumer prices, according to an annual study by The Conference Board, a prominent New York research organisation.

The Board's labour outlook panel, composed of industrial relations specialists from industry and labour leaders, thinks that the trend to more moderate pay settlements will be led by negotiators in the road haulage and motor industries, where the two largest collective bargaining deals of 1982 are due.

The panel, in a report published yesterday, foresees a weak economy in which unemployment will peak at 9 per cent in April and collective bargaining agreements which will produce increases of 8.8 per cent in the first year of the settlements. Most U.S. labour agreements run for three years.

This compares with an 11.5 per cent rate of increase in the first nine months of this year. Because wage inflation tends to be lower in non-unionised business, the panel expects overall labour costs per unit of output in manufacturing to fall to 8 per cent in 1982.

Some members of the panel believe that the U.S. is experiencing a breakdown in the long-standing pattern of bargaining, whereby big, strong unions in steel, motors, road haulage and elsewhere set standards which then trickle down into the rest of the economy.

Ms Audrey Freeman, the Conference Board's resident labour specialist, believes that the recent spate of wage and benefit concessions agreed to by union members in troubled companies, points to "a new sensitivity to company performance and a new perception of the need to be competitive. The pace-setter wage bargains in heavily unionised industries will not radiate with the influence they once had."

NY Times sees advance

NEW YORK Times Company yesterday forecast that its profits this year will exceed the $40.6m earned in 1980. Earnings in the first nine months of 1981 were $36.4m, writes Our Financial Staff.

The company said the first quarter of 1982 would reflect the impact of its acquisition this year of a cable television system, which did not affect the year-earlier period. It expected to receive $8.4m in the second quarter of 1982 from the sale earlier this year of its Australian magazines.

Carlsberg group ahead

BY HILARY BARNES IN COPENHAGEN

UNITED BREWERIES, producers of Carlsberg and Tuborg beers, has increased pre-tax profits by 40 per cent, from DKr 268m to DKr 374m ($51.7m) for the year ended September 30. The directors, however, are pegging the dividend at 12 per cent.

The company said that the profit improvement stemmed mainly from operations outside Denmark, especially those in the UK. Group turnover, excluding taxes, increased by 26 per cent from DKr 4.35bn to DKr 5.39bn, with sales outside Denmark and newly acquired Danish companies not in the brewing business contributing strongly to the improvement.

Net after-tax profits were up from DKr 176m to DKr 212m. Net capital increased from DKr 1.56bn to DKr 1.76bn. Investments in production facilities last year totalled DKr 428m, of which 76 per cent was in Denmark.

Parent company pre-tax profits increased from DKr 143m to DKr 160m and net profits from DKr 109m to DKr 119m.

BASF plans more plastics closures

By Kevin Done in Frankfurt

BASF, the West German chemicals group, sustained losses of DM 100m ($44.5m) on its commodity plastics operations in the first nine months of 1981 and is planning the closure of around 100,000 tonnes of its present plastics capacity.

Since the first oil crisis in 1973-74 BASF, West Europe's biggest plastics producer, has already cut about 100,000 tonnes of its 1m tonnes polyethylene capacity.

The additional 100,000 tonnes is to be closed as part of the group's attempt to give a lead to restructuring throughout the European plastics sector.

Plants have been working at around only 60-65 per cent of capacity. Professor Matthias Seefelder, chief executive of BASF, said: "The cause for this alamity is overcapacity. There is a real structural crisis in the sector because since 1974 several manufacturers have continued to expand their commodity plastics capacities, while a number of newcomers have also entered the sector for the first time with new plants."

Demand for commodity plastics was unlikely to grow much faster than the general growth in the economy, and "special measures" were needed to bring capacities down in line with demand, Professor Seefelder added.

Overall BASF expects a group turnover of around DM 30bn for 1981, an increase of 16-17 per cent, but profitability has not kept pace with this growth. In the first nine months BASF boosted group sales by 16.9 per cent to DM 24bn, but pre-tax profits declined by 3.6 per cent to DM 1.1bn.

Much of the boost to group sales has come from price increases or from currency gains caused by the prolonged weakness of the D-mark. BASF said volume sales had risen by between 3 and 4 per cent over the first nine months compared with the same period last year.

The parent company's performance has been chiefly supported by export sales and particularly demand from overseas markets. Turnover increased by 12.5 per cent to DM 10.5bn — with exports jumping by 18.2 per cent to DM 6.3bn, and domestic sales managing a rise *of only 5.1 per cent to DM 4.3bn.*

AEG and Bosch form Telenorma

By Kevin Done in Frankfurt

AEG-TELEFUNKEN and Robert Bosch have reached agreement on the first stage of the formation of a major new telecommunications venture in West Germany.

The two companies have formed a holding company, Telenorma, in which Bosch will hold 75.5 per cent and AEG 24.5 per cent. This holding company will take over the 41 per cent stake currently held by AEG in Telefonbau and Normalzeit, the telephone systems company which has annual sales of around DM 1.5bn ($666m).

At the beginning of 1983 AEG has an option to take over at least a further 10 per cent interest in Telefonbau and this will also be acquired by Telenorma.

This is the first step in a series of far-reaching deals which will link AEG's telecommunications and cable systems division in co-operation with T&N, Bosch and Mannesmann, the West German steel pipe and engineering group, which is also diversifying into telecommunications.

AEG's telecommunications division with sales of DM 700m is to be established as an independent company.

WestLB to transfer Preussag shareholding

BY STEWART FLEMING IN FRANKFURT

WESTDEUTSCHE Landesbank, the third largest West German bank, is raising more than DM 600m ($267m) through the transfer of a 45 per cent stake in the metals and energy concern, Preussag, in order to help cover the losses it faces in 1981.

As a result of a complicated series of transactions, some of which have yet to be completed, the bank expects to declare a small profit for 1981.

In spite of drawing heavily on hidden reserves in this way, WestLB still plans to proceed with proposals to raise about DM 1bn in new capital in 1982 from one of its shareholders, the State of North-Rhine Westphalia.

The announcement by WestLB — whose new chief executive is Herr Friedel Neuber — underlines the continued pressure which the West German banking industry is under as a result of high interest rates and ill-judged lending decisions in the latter part of the 1970s.

Already Commerzbank, the fourth largest bank, has announced that like WestLB it will not be paying a dividend for 1981. In 1980 Commerzbank became the first major bank in the post-war period to be unable to pay a dividend.

The year-end is traditionally a period when German banks under profit pressure draw on hidden reserves to bolster their profit and loss accounts. In December last year, for example, both Commerzbank and Dresdner Bank sold substantial holdings in Kaufhof, the second largest German stores group.

Last week WestLB announced its first such step when it sold a 25 per cent holding in Phillip Holzmann, Germany's largest building group, for around DM 200m. The bulk of this holding, amounting to 20 per cent of the Holzmann equity, was acquired by Hochtief, another major building group.

The Preussag deal is rather more complex, however. It involves a company which has been a star performer on the German stock market over the past year and at one point seemed likely to fall into foreign hands. British Petroleum's German subsidiary was one of many Preussag suitors.

Herr Friedel Neuber

Last week it was disclosed that Preussag had acquired a 25.1 per cent holding in the privately-owned energy group, C. Deilmann, a company with U.S. oil and gas interests and sales of around DM 954m. Deilmann in return received 10 per cent of Preussag's equity, passed to it by WestLB and worth around DM 130m, taking Preussag's share price at DM 200.

Yesterday WestLB confirmed that it proposes to transfer around 35 per cent of Preussag it still owns to a new company. Although no details were released, it is understood that WestLB will retain a substantial stake in the new company, but it will have two partners, both believed to be landesbanks.

In this way WestLB will be able to retain partial control of its Preussag stake, and at the same time realise in its profit and loss account the difference between the book and market value of the investment.

Partly as a result of speculation about what WestLB might do with its 45 per cent Preussag stake, but also as a result of Preussag's strong earnings performance, Preussag's share price has risen this year from around DM 130 in January to more than DM 200 at present, a rise which has taken place at exactly the right time for WestLB.

At this level Preussag's 6.3m shares are valued at around DM 1.3bn. Preussag itself would appear to have improved its chances of retaining its independence as a result of the transaction.

WestLB is not the only German bank proposing to realise hidden reserves to help its 1981 results. It was confirmed yesterday that the Bank für Gemeinwirtschaft, the trade union owned banking group with assets of about DM 60bn, is planning to dispose of a 50 per cent holding in its mortgage banking subsidiary, Allegmeine Hypothekenbank, retaining only 25 per cent of the equity.

The mortgage bank has assets of DM 7.1bn, but BfG is not disclosing the value of the yet-to-be-completed transaction. It has also recently raised its authorised capital, and a new capital raising issue could be forthcoming next year.

In 1980 the bank raised DM 250m of new equity and in 1979 DM 125m.

Montedison drugs unit proposes rights issue

BY RUPERT CORNWELL IN ROME

MONTEDISON, Italy's largest chemicals group, plans to offer shareholders the chance to acquire shares in its flourishing pharmaceuticals offshoot, Farmitalia Carlo Erba, in an attempt to ensure the success of its own record L640bn ($533m) rights issue, now scheduled for December 18.

The scheme, adopted by the parent company's board at the weekend, is connected with a capital increase by Farmitalia itself. Assuming the entire operation goes through, Montedison's stake in its subsidiary could drop to 70 per cent from the present 89 per cent.

Farmitalia will carry out a two-stage capital increase of its own, involving a one-for-10 free issue followed by a one-for-five rights issue. Nominal capital will rise to a maximum of L71bn, while a L2,100 premium on each of the L900 nominal shares means that the pharmaceutical company will secure L36.4bn of new funds.

Montedison plans a free distribution to its own shareholders of Farmitalia rights, enabling the former to acquire one of the latter's shares for every 250 "old" Montedison shares held. Montedison hopes that the offer will increase the appeal of its own capital increase—the biggest in Italy's private corporate history—to L996bn from the current L356bn.

The overall price of L3,000 for new shares in the highly profitable Farmitalia compares with a bourse quotation of around L9,000.

Austria Microsystems plans plant

By Adrian Dicks

AUSTRIA MICROSYSTEMS International, the $50m joint venture announced earlier this year between American Microsystems Inc (AMI) and Voest-Alpine, is to start construction in January of a plant near Graz to produce custom metal oxide silicon/large intergrated circuits (MOS/LSIs).

The plant, which will benefit from soft loans provided by the Austrian Government, will have a workforce of 400 and will be ready to produce 1,000 silicon wafers a week by mid-1983. Production is expected to rise to 5,000 a week by 1986, while the workforce is likely to build up to about 1,200. The main customer industries will be telecommunications, computer, automotive and domestic appliance manufacturers.

Voest-Alpine, with 1980 sales of $4.1bn, is Austria's biggest industrial group with steel, engineering and contracting interests. It is putting up the finance for Austria Microsystems, with the aid of its shareholder, the Austrian Federal Government, as a means of diversifying into applied microelectronics.

AMI, which claims to be the world's largest supplier of custom-designed MOS/LSI circuits with sales of $130m in 1980, will contribute to the venture its entire European customer base, its full product range and its extensive production expertise. At the same time, Austria Microsystems has bought 49 per cent of AMI's European sales organisation.

The American partner, in which the West German Bosch group has 25 per cent, has been looking for a European manufacturing base for several years — both to serve its European market better and to circumvent the heavy tariffs imposed by the EEC on U.S.-manufactured semiconductor products.

In addition to the new factory, AMI intends to set up at Graz a design and development centre comparable to its existing centre at Swindon in the UK.

According to Dr Stephen Forte, AMI's vice-president for marketing, the design centre approach, often involving joint design work with customers on their special integrated circuit requirements, has helped the company weather the current recession much better than the rest of the industry in California's "silicon valley."

Lafarge Coppee expects to maintain earnings

BY DAVID WHITE IN PARIS

LAFARGE COPPEE, the French cement group, expects to maintain profits this year despite a slowdown in its main domestic market and heavy losses in refractory products.

The group, which recently clinched the $326m take-over of General Portland of the U.S., is forecasting earnings of between FFr 320m and FFr 360m ($56m-$63m), not counting capital gains or losses. This compares with FFr 325m on an equivalent basis last year.

Lafarge told shareholders that parent company profits would be well up on 1980s FFr 226.5m, and that maintenance of the dividend was already assured.

It said results from the French cement activities continued to be good despite a 5 per cent drop in the market—thanks to savings resulting from the conversion of plants to coal-firing. Earnings from plaster would be 30 per cent up, and those from its new biochemical offshoots would rise by 25 per cent.

The Canadian subsidiary, Ciments Canada Lafarge, was expected to show a 50 per cent profit recovery, and the group's earnings in Brazil are expected to treble in dollar terms to $16m.

This performance has to be set against an expected FFr 100m pre-tax loss in refractory products. Lafarge said sales, hit by the problems of the steel sector and by the shortage of new investment in heavy industry in France, were 20 per cent less than forecast this year.

A restructuring plan is due to be implemented in this sector. Lafarge said it would take several years, but that the effects should be visible from next year.

BASE LENDING RATES

A.B.N. Bank	15 %	Grindlays Bank	‡15 %
Allied Irish Bank	15 %	■ Guinness Mahon	15 %
American Express Bk.	15 %	■ Hambros Bank	15 %
Amro Bank	15 %	Heritable & Gen. Trust	15 %
Henry Ansbacher	15 %	■ Hill Samuel	§15 %
Arbuthnot Latham	15 %	C. Hoare & Co.	†15 %
Associates Cap. Corp.	15 %	Hongkong & Shanghai	15 %
Banco de Bilbao	15 %	Knowsley & Co. Ltd.	15½%
BCCI	15 %	Lloyds Bank	15 %
Bank of Cyprus	15 %	Mallinhall Limited	15 %
Bank Street Sec. Ltd.	16 %	Edward Manson & Co.	16 %
Bank of N.S.W.	15 %	Midland Bank	15 %
Banque Belge Ltd.	15½%	■ Samuel Montagu	15 %
Banque du Rhone et de la Tamise S.A.	15½%	■ Morgan Grenfell	15 %
Barclays Bank	15 %	National Westminster	15 %
Beneficial Trust Ltd.	16 %	Norwich General Trust	15 %
Bremar Holdings Ltd.	16 %	P. S. Refson & Co.	15 %
Bristol & West Invest.	17 %	Roxburghe Guarantee	15½%
Brit. Bank of Mid. East	15 %	E. S. Schwab	15 %
■ Brown Shipley	15 %	Slavenburg's Bank	15 %
Canada Perm't Trust	15½%	Standard Chartered	‖15 %
Cavendish G'ty T'st Ltd	15½%	Trade Dev. Bank	15 %
Cayzer Ltd.	15 %	Trustee Savings Bank	15 %
Cedar Holdings	16 %	TCB Ltd.	15 %
■ Charterhouse Japhet	15 %	United Bank of Kuwait	15 %
Choulartons	16 %	Whiteaway Laidlaw	15½%
Citibank Savings	¶15 %	Williams & Glyn's	15 %
Clydesdale Bank	15 %	Wintrust Secs. Ltd.	15 %
C. E. Coates	15½%	Yorkshire Bank	15 %
Consolidated Credits	15½%		
Co-operative Bank	*15 %		
Corinthian Secs.	15 %		
The Cyprus Popular Bk.	15 %		
Duncan Lawrie	15 %		
Eagil Trust	15 %		
E. T. Trust Limited	15½%		
First Nat. Fin. Corp.	18 %		
First Nat. Secs. Ltd.	18 %		
Robert Fraser	15 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 13%, 1-month 13.25%. Short term £8,000/12 months 15.60%.
† 7-day deposits on sums of £10,000 and under 13%, up to £50,000 13½% and over £50,000 14%.
‡ Call deposits £1,000 and over 13%.
§ Demand deposits 13%.
‖ 21-day deposits over £1,000 14%.
¶ Mortgage base rate.

Sprecher und Schuh sees recovery

By John Wicks in Zurich

A RECOVERY is expected by the Swiss electrical engineering company, Sprecher und Schuh, for the current year. In 1979 and 1980, the group recorded net losses of SwFr 3.9m ($2.1m) and SwFr 2.24m respectively.

Group turnover, which had risen by about 12 per cent to SwFr 507.2m last year, is expected to increase by a further 10 per cent in 1981. New order value is also expected to rise by about 10 per cent, with a slight improvement in profit margins despite heavy competition.

A series of measures aimed at streamlining group activities was started this year and is to be continued "systematically." A considerable improvement has been attained by the setting-up of profit centre divisions within the parent company.

Restructuring programmes are also being undertaken within foreign subsidiaries. Sprecher subsidiaries in Austria and Canada are said to be performing successfully, and "great progress" has been made in Germany. Economic uncertainties in Brazil and Belgium are, however, "causing difficulties."

In May of this year, Dr Hans von Werra, management chairman, said it would be "unrealistic" for shareholders to expect an early return to dividend payments. Sprecher passed its dividend for both 1979 and 1980.

صفحة من الأصل

?ao announces terms for Vharf and World merger

LES NICHOLLS IN HONG KONG

YUE-KONG PAO ...nced yesterday the long ...pated merger between ... International (Holdings) ... Hongkong and Kowloon ...f and Godown Company ... will result in a ...omerate with assets ... approximately HK$27bn ...4.77bn).

... the terms of the proposed ...er have already drawn ...sm from minority Wharf ...holders who have accused Yue-kong of favouring ...d, in which he has a 76 ...cent shareholding, over ...f in which his direct and ...ect shareholdings total 47 ...cent. Pao interests would 45 per cent of the merged ...any.

...arf owns extensive areas ...der-utilised land in Hong ...'s prime commercial area ...sinshatsui and last year ... total after-tax profits of ...$38.25m including extra...ary gains or HK$225.8m ...ding them.

... will be buying World, ... at the end of March ...d 68 ships, mainly tankers ...bulk carrier vessels, plus a ...er cent stake in Wharf, and ... fiscal year had total after... profits of HK$346.54m in...ng extraordinary gains or ...225.9m excluding them.

...res suspended

...exchange for every one ...sand ordinary or con...ble shares held, World ...eholders will receive 625 ...rf shares (including 378 ...rf shares by way of a distri...on in specie of the Wharf ...es held by World), plus ...350 in cash. This values ...ld shares at HK$4.32 ...nst the closing prices on ...ay of $3.52. World's net ...t value was HK$6.27 per ...e at March 31. Both com...es suspended trading when ... stock market opened yes...ay.

...orld holders will also ...ive a terminal dividend of 14 cents a share, lifting the worth of the total package to HK$4.46 for every World share, an increase of 26.52 per cent from the last traded price.

The merger of the two companies will allow them to take advantage of investment opportunities which neither Wharf nor World might be in a position to take up individually, Sir Yue-Kong said.

Return on assets

He said that phase four of Wharf's Harbour City development of nine acres in Tsinshatsui will cost over HK$1bn, the construction of a light rail system in the new town of Tuenmun will cost an estimated HK$3bn to $5bn, and other developments will cost approximately HK$1bn.

In a statement to shareholders, the directors of Wharf said the rate of return on assets has not in recent years been altogether satisfactory and this is presently limiting the company's ability to implement a substantial development programme.

The acquisition of World's shipping assets will meet the objective of improving the return on assets, increasing the cash flow, and accelerating the implementation of the development programme, they said. The benefits to shareholders were outlined as:

- Participation in a major diversified international group arising from the purchase of one of the largest and best managed shipping fleets in the world—World's fleet totals approximately 8m deadweight tonnes with an average age of vessels of approximately four years. The majority of the vessels on long term charters with an average life of around five years;
- A substantial increase in earnings which if the merger had been effective, for the whole of this year would have increased by 38 per cent to 29.7 cents per share:
- An increase in dividends per share of about 39 per cent.

Analysts however, said the merger has several aspects which are not in the favour of Wharf shareholders. Wharf is paying a high price for fully valued shipping assets by issuing Wharf shares at a discount to asset value which is generally estimated to be between HK$9 and HK$10 per share. Wharf shares closed at HK$6.35 on Friday.

Also, Wharf is paying a total consideration of HK$3.2bn, by issuing 411m new shares and paying HK$583m in cash, for a shipping fleet which the directors of World estimate to be worth HK$2.95bn. According to a recently completed valuation, analysts said.

Extraordinary meeting

The proceeds of a rights issue of 411m shares plus HK$583m in cash could arguably provide a better springboard for development. Wharf shareholders will be given an opportunity to express their opinion of the merger on December 2 at an extraordinary general meeting at which Sir Yue-Kong Pao and the companies he controls will not vote.

The merger would bring to a successful end the Pao family's long battle for Wharf. In April 1980 World paid HK$1.57bn for a 30 per cent stake in Wharf held by the Pao family since 1973.

Two months later Hongkong Land, which is linked to Jardine Matheson, the trading house, made a share and cash tender offer worth HK$3.3bn for 29 per cent of Wharf to raise its stake to 49 per cent.

Sir Yue-kong then raised HK$2.2bn of financing over a weekend to make a dramatic market raid worth HK$2.2bn for 19 per cent of Wharf to lift his stake to 49 per cent, which has subsequently been slightly diluted.

Aluminium copper and cables lift Union Steel

By Our Financial Staff

HIGHER PROFITS from aluminium, cable, and copper divisions have boosted net income at Union Steel, the South African metals producer, for the nine months ended September 30. Group net income was R11.2m ($11.6m) against R13.4m for the 12 months ended December, 1980. On a pro-rata basis the nine months' increase was 12 per cent.

In contrast to the strength in some divisions, steel and foundry shipments both fell by 12 per cent from the first nine months of last year. Special steels and price controlled steels were particularly weak. Consequently, steel profit showed a considerable decrease from a year earlier.

For the nine months Union has declared dividends of 25 cents per A preferred share, against 31 cents for the 12 months ended December, 1980, plus a bonus of 6 cents (8 cents). 28 cents per B preferred (40 cents) plus a 12 cents bonus (16 cents) and 9 cents per ordinary share (12 cents) plus a bonus 3 cents (4 cents).

Spending boom boosts Lion Match

By Jim Jones in Johannesburg

LION MATCH, the South African manufacturer of matches which has diversified into consumer non-durables, benefited strongly from the country's consumer spending boom in the year ended September 30, 1981. The company is 65 per cent indirectly owned by Allegheny International of the U.S. through Wilkinson Match of the UK.

Pre-tax profit was R11.86m ($12m) against a pro-rated figure of R8.25m in the previous period. The 18 months reporting period which ended on September 30, 1980 resulted in a pre-tax profit of R13.44m. Turnover was R63m against a pro-rated R45.7m in the previous period.

A total dividend of 39 cents has been declared from earnings of 79.97 cents a share. In the 18 months ended September 30, 1980 earnings were 88.94 cents a share and dividends totalling 45 cents per share were declared.

Elscint profits doubled in first half

By L. Daniel in Tel Aviv

ELSCINT, the Israeli producer of medical diagnostic equipment, has reported net profits for the six months ended September of $4.2m against $2.05m a year earlier. Sales rose to $28.86m from $19.93m.

The company is forecasting sales for the full fiscal year of $70m compared with $42m last year. For the year ending March 1983 the company expects sales of $110m because of new products and a recently concluded deal with Pfizer, the U.S. drug and medical equipment company.

Elscint paid $6.3m for the tomographic X-ray scanner business and other related activities of Pfizer's medical systems division.

Pfizer has ceased production of tomographic scanners, leaving Elscint with the second largest orderbook for the products in the U.S.

WORLD STOCK MARKETS

Small early gains on Wall St

PRICES WERE slightly higher at mid-session in light trading as investors moved to the sidelines after Friday's price gains.

The Dow Jones Industrial Average was 3.14 higher at 856.07 on volume of 30.9m shares (35m). Advances and declines were virtually even. The NYSE All Common Index was 24 cents higher at $71.24.

Continued pessimism about the direction of the economy seemed to be preventing any strong upward movement, analysts said.

Stocks in special situations or the targets of takeover speculation were the only significant price movers.

Marathon, the object of takeover bids from U.S. Steel and Mobil, dropped $2 to $105 in active trading. Mobil said it had received 23m shares of Marathon in response to its $85-a-share offer.

Energy stocks that rose on merger speculation included Union Oil California, up $1¼ to $41 in active trading, Kerr-McGee, ¾ up at $40⅞, Amax, $1 higher at $14⅞, and Getty, up $2 to $69.

Host International rose $5⅞ to $27⅞ on the news that Marriott offered $29 a share for it.

Richardson gained $1⅛ to $27⅛ after Witco Chemical said it agreed to acquire the company for $27.50 a share, exceeding an earlier bid of $24 from McAndrews and Forbes.

ATT, trading ex-dividend, was the volume leader and dropped $1⅛ to $59⅞.

THE AMERICAN SE Market Value Index was up 1.23 at 319.34 on volume of 2.9m shares (3.4m).

Canada

Stock prices were up moderately at midsession, with the Composite Index gaining 3.3 points to 1,928.6 on volume of 2.3m shares.

Gaining issues led declines 198 to 176.

Eleven of the 14 indices posted gains, with Oil and Gas up 23.2 to 3,701.5, Pipelines 27.2 to 2,027.3 and Golds off 59.2 at 2,884.2.

Dome Canada, which announced *conditional plans to* buy an interest in Hudson's Bay Oil and Gas properties, rose ⅜ to C$5⅞.

Dome Petroleum gained ¼ to C$14⅝ while Hudson's Bay Oil slipped ⅛ to C$49⅞.

In Montreal, the Industrial Index was 1.38 ahead at noon at 330.49. Banks were 3.14 lower at 3.14 and other sectors remained narrowly mixed.

Germany

Most shares closed lower after a dull and featureless session which saw the Commerzbank Index fall 0.9 to 675.6.

In Motors, Daimler closed DM 5.80 lower at DM 333.50. Dealers said a large selling order which had been in the market for several days had not yet been completed. VW fell DM 1.30 to DM 124.60 but BMW rose DM 0.20 to DM 185.70.

In Electricals, Siemens fell DM 1.80 to DM 195 and AEG DM 0.20 to DM 43.50, while in Chemicals BASF, which reported slightly lower nine-month earnings and expects steady full-year profits, edged DM 0.20 lower to DM 134.30.

In other Chemicals, Bayer fell DM 0.90 to DM 118.90 and Hoechst rose DM 2.7 to DM 125.20.

Amsterdam

Share prices were mixed to lower, with Royal Dutch losing Fl 1.10 and KLM turning an earlier gain into a Fl 0.50 loss.

Nedlloyd dropped Fl 4.10. Investment funds Robeco and Rolinco rose Fl 2.40 and Fl 2.30. Natned firmed Fl 1.50 and Elsevier Fl 1. HBG eased Fl 1.10 ex its Fl 1 interim dividend and *Pakhoed fell Fl 0.8.*

Inactives HVA and OCE fell Fl 2 and Fl 1.50. State loans eased.

Paris

Share prices firmed in moderate trading. The most buoyant session in several weeks was boosted by the opening of the new account month and by the firmer trend on Wall Street on Friday.

Electricals led the trend, Radiotechnique adding FFr 5.5 at FFr 181.5 and Alsthom Atlantique rising FFr 3.2 to FFr 112.

Other major stocks to gain ground included Michelin, FFr 14 higher at FFr 849, Creusot Loire, up FFr 2 at *FFr 37.5*, and Bouygues, FFr 14 better at FFr 931.

Banks, Portfolios and Stores tended steady to firm while Foreign stocks were mostly narrowly firmer.

Lafarge-Coppee, which on Friday forecast steady or slightly improved consolidated profit this year after exceptional factors were eliminated, was unchanged at FFr 268.9.

Milan

Prices closed narrowly mixed in moderate trading.

Cautious early buying faded towards the close, but Montedison and both Pirellis held small gains, while Generali firmed among Insurances and Centrale was higher among Financials. Snia Viscosa and Italcementi eased among Industrials and Mediobanca lost ground among Banks.

Switzerland

Share prices continued firmer as the Nestle's group's forecast of a possible record net profit this year continued to encourage a market which until recently had suffered from fears of a general slowing of the Swiss economy.

Nestle bearer added SwFr 50 at SwFr 3,190, while its registered share was up SwFr 100 at SwFr 1,920 in higher turnover.

such as *Brown Boveri* and

However, Engineering shares Fischer remained neglected, closing slightly higher or unchanged, as the industry's prospects remain uncertain, according to the latest quarterly survey of the Swiss Engineering Industry Association.

Singapore

Prices closed higher on buying support in moderately active trading. News that the Overseas China Banking Corporation, largest of the "Big Four" local banks, cut its prime rate over the weekend to 13¼ per cent, had no apparent impact on trading. The Straits Times Index rose 6.43 points to 714.28.

OCBC rose 20 cents to S$10.80 and other big banks also improved a few cents.

Among Industrials, Straits Trading, part of the OCBC stable, posted one of the biggest gains, rising to S$8.45 from S$8.25. Most of the other index components were steady to firmer.

Isetan rose 30 cents to S$3.76 and Sembawang Shipyard 20 cents to S$5.95. Elsewhere, Genting, Haw Par, Magnum, Straits Steamship and Hong Leong Finance rose between 2 and 20 cents.

Hotels, Properties, Commodities and the second trading section were also higher where traded in line with the general trend. Hong Leong Industries rose 20 cents to S$11.40 and Malayan United Industries 30 cents to S$12.30.

Tokyo

Japanese stock markets were closed for Labour Thanksgiving Day.

Johannesburg

The bullion price declined to its lowest level in three months, leading to falls of up to R2.50 in heavyweight Gold producers, such as Western Holdings at R63.

Trading, however, was relatively quiet with no heavy selling pressure noted. Losses among cheaper producers ranged up to 40 cents, as in Grootvlei at R10, with other Minings also easing, and Platinums shedding between 5 and 20 cents.

In Diamonds, De Beers slipped 5 cents to R8.50 while Mining Financials had Anglos down 10 cents at R16.40.

Industrials closed narrowly mixed where changed.

Closing prices for North America were not available *for this edition.*

NEW YORK

Stock	Nov. 20	Nov. 19
[illegible]	[illegible]	[illegible]

CANADA

Stock	Nov. 20	Nov. 19
AMCA Intl	22¾	22
Abitibi	21½	21
Agnico Eagle	7¾	7¾
[illegible]	[illegible]	[illegible]

BELGIUM (continued)

Nov. 23	Price Frs.	+ or —
Petrofina	4,100	+10
Royale Belge	3,940	—60
Soc Gen Banq	1,585	—20
Soc Gen Belge	920	
[illegible]	[illegible]	[illegible]

HOLLAND

Nov. 23	Price Fls.	+ or —
ACF Holding	67.5	+0.9
Ahold	58.2	—0.8
AKZO	22.1	—0.1
ABN	285	—0.5
AMEV	90.6	
AMRO	52.7	+0.3
[illegible]	173	—2
[illegible]	[illegible]	[illegible]

AUSTRALIA

Nov. 23	Price Aust. $	+ or —
ANZ Group	5.68	+0.02
Acrow Aust	1.30	
Allstate Expl	0.80	
Ampol Pet	1.65	—0.05
Assoc. Pulp Pap	2.00	
Audimco	0.11	—0.01
Aust. Cons. Ind	1.73	+0.02
Aust. Guarant	2.12	+0.02
[illegible]	[illegible]	[illegible]

JAPAN (continued)

Nov. 20	Price Yen	+ or —
Kubota	341	—1
Kumgaai	412	—5
Kyoto Ceramic	3,360	—80
Lion	425	—12
Maeda Cons	635	—7
Makita	865	—30
Marubeni	338	+8
Marudai	680	—13
[illegible]	[illegible]	[illegible]

DENMARK

Nov. 23	Price Kr.	+ or —
[illegible]	[illegible]	[illegible]

FRANCE

Nov. 23	Price Frs.	+ or —
[illegible]	[illegible]	[illegible]

GERMANY

Nov. 23	Price Dm.	+ or —
[illegible]	[illegible]	[illegible]

ITALY

Nov. 23	Price Lire	+ or —
[illegible]	[illegible]	[illegible]

NORWAY

Nov. 23	Price Kroner	+ or —
[illegible]	[illegible]	[illegible]

SWEDEN

Nov. 23	Price Kronor	+ or —
[illegible]	[illegible]	[illegible]

SWITZERLAND

Nov. 23	Price Frs.	+ or —
[illegible]	[illegible]	[illegible]

AUSTRIA

Nov. 23	Price %	+ or —
[illegible]	[illegible]	[illegible]

BELGIUM/LUXEMBOURG

Nov. 23	Price Frs.	+ or —
[illegible]	[illegible]	[illegible]

HONG KONG

Nov. 23	Price H.K.$	+ or —
[illegible]	[illegible]	[illegible]

JAPAN

Nov. 20	Price Yen	+ or —
[illegible]	[illegible]	[illegible]

SINGAPORE

Nov. 23	Price $	+ or —
[illegible]	[illegible]	[illegible]

SOUTH AFRICA

Nov. 23	Price Rand	+ or —
[illegible]	[illegible]	[illegible]

Financial Rand US$0.75 (Discount of 27%)

BRAZIL

Nov. 23	Price Cruz	+ or —
[illegible]	[illegible]	[illegible]

Indices

NEW YORK — DOW JONES

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

STANDARD AND POORS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

NY. S.E. ALL COMMON

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Rises and Falls

MONTREAL

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

NEW YORK ACTIVE STOCKS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices.

...asshouse ...l aid ...ended

...ard Mooney

...GOVERNMENT has ... to extend for another ...ting fuel aid given to glasshouse growers to ...hem to compete with producers benefitting ...eferential gas prices.

...ncing this in a Par... ...ry written reply yester... Peter Walker, the ... of Agriculture, said: ...determined to retain a ...and successful British ...se industry." The ... is estimated to supply ...0m worth of food a year ...ould otherwise have to ...rted.

...l low heating gas prices ...reduce Dutch growers' ...ion costs have been the ... of bitter criticism in ...mmunity. In response to ...mmission pressure the ...Government has offered ...g the prices up to the ... level over a three-year ... but this is considered ... and the matter is being ...l to the European ...

...e meantime, the Com... has allowed special aid ... paid to glasshouse ... in other member ...s to cancel out the ... preference. Taking ...ge of this the UK ...nent in April granted ...in special aid covering ...hole of 1981 reducing ...l price for growers by ...llon and gas oil by 8p, ... levels set by the Com...

...1982 the British subsidy ...in been set at the EEC ...m, which has been ...l to 3.5p a gallon for ...l and 4.7p for gas oil ... of a narrowing in the ...tween Dutch and other ... The total cost is put at ...

Downturn in metals

BY ROY HODSON

COPPER and lead cash prices on the London Metal Exchange reached the lowest levels for six months yesterday. Tin and aluminium prices also fell and the only metal to show a substantial gain on the day's trading was nickel which put on £72.50 to finish at £2,717.50.

Cash copper wirebars fell £14.25 to close at £835.50. Dealers were cautious on the lack of response in the U.S. to recent interest rate cuts. Coppe stocks in the LME warehouses fell by 1,475 tonnes last week to 110,125 tonnes.

The price of copper is now at its lowest point for more than 30 years expressed in dollars. Mabon, Nugent and company, U.S. stockbrokers, in a new forecast, expects significant price rises during the coming year as markets adjust to abnormally low levels of copper stocks. Postponement of copper mining ventures means that there can be little likelihood of any big additions to world copper capacity appearing before 1985, the company argues.

Cash lead closed at £326 a tonne in London a fall of £3 on the day's trading bringing lead down to a price level last touched in May. The market was depressed by Asarco cutting its U.S. domestic to 31 cents a lb, while others moved down to 32 cents. LME lead stocks rose by 550 tonnes last wek to 50,025 tonnes.

There was a further big rise in the LME aluminium stocks of 10,350 tonnes to a new record level of 134,800 tonnes. Aluminium lost £3.75 a tonne in yesterday's trading to finish at a new low level of £539.25 a tonne for cash metal.

New International Primary Aluminium Institute figures show the industry is reacting to the growing surplus of the metal by making further production cuts. Daily average production by non-Communist world aluminium producers in October fell to 32,700 tonnes, the lowest level of working since 1979. A year ago the industry was producing at a rate of 34,900,000 tonnes a day.

A feasibility study into the building of a $1bn aluminium smelter in Zaire is expected to go ahead in spite of the industry's current problems in international markets. Partners in the project are expected to include: Alusuisse, Sumitomo Aluminium of Japan (which is looking for new sources to replace high-cost smelting in Japan), Norsk Hydro, Estel of Holland, Vereinigte Aluminium-Werke of West Germany, and Societa per Azioni of Italy. The Zaire Government will be a member of the proposed consortium to build a plant with an initial capacity of 150,000 tonnes a year which could be expanded to 600,000 tonnes a year.

LME zinc stocks fell 1,150 tonnes last week to 79,350 tonnes, nickel stocks fell 144 tonnes to 2,412 tonnes, and silver stocks rose by 530,000 ounces to 30,760,000 ounces.

Stockpile sales halted

WASHINGTON — The U.S. General Services Administration has, effective immediately, suspended all sales and acquisitions involving the national stockpile until further notice.

The action is assumed to result from President Reagan's veto of a spending bill, passed by Congress, which technically leaves the government without the authority to spend money, except for emergency services.

The suspension notice includes the daily offering of stockpile tin and the weekly offering of up to 1.25m ounces of silver.

Traders noted, however, that the suspension was only temporary, and that stockpile policies were unaltered.

Meanwhile the U.S. Agriculture Department was winding down operations and decisions were still being taken on what essential functions would be maintained.

Functions which will be continued by the Department include monitoring of pl 480 food aid shipments already contracted, Office of Investigations operations, care and maintenance of research projects and animals, and agriculture quarantines.

Also continuing are meat and poultry inspection services, debt collection from farmers, home administration and rural electrification administration, engineering contracts involving forest service and firefighting activities.

Reuter

Cocoa talks disappoint market

By John Edwards, Commodities Editor

COCOA prices on the London futures market touched new life of contract lows yesterday, but rallied in later trading to close marginally higher.

There is general disappointment in the market with the result of last week's meeting of the International Cocoa Council aimed at strengthening the influence of the organisation's buffer stock. It was agreed to appoint a special credit committee to assist the buffer stock manager in negotiating commercial loans of up to a maximum of $120m, but the terms and conditions will have to be approved at the next Council meeting in January.

A proposal to increase the levy on cocoa exports to finance the buffer stock from the present 1 cent a pound has also been deferred until the January meeting.

Meanwhile the buffer stock has been authorised to negotiate purchases of up to 36,000 tonnes from exporting countries for shipment by July next year. Exporters will also be offered the option to sell a further 60,000 tonnes to the buffer stock, for shipment by September 1982, on deferred payment.

Traders pointed out that this means the buffer stock's remaining resources of some $80m will be assigned to purchases direct from producing countries (who are meeting next month to decide how sales should be divided up), so there is unlikely to be further support buying from "second hand" dealers' markets in London, Paris and New York.

At the same time there is a general feeling of disappointment that last week's Cocoa Council meeting failed to come up with any new proposals and emphasized the general reluctance of some consumer countries to provide full support for the Agreement.

● Tardivat of Paris, one of the world's leading cocoa and coffee dealers, in a joint venture with French sugar merchants, Jean Lion, has bought one of the 16 "broker" seats on the London cocoa futures market. The company, which will be the first French member of the London market, is recruiting staff and hopes to start trading by December 15 at the latest.

INDONESIA

Big plans for sugar self-sufficiency

BY RICHARD COWPER IN JAKARTA

INDONESIA, WHICH has been badly hit by rising sugar import bills, which are expected to reach an all-time record this year, has embarked on a programme to become self-sufficient in sugar once more before the end of the decade. The plan calls for an estimated expenditure of more than $2bn and is aimed at more than doubling current sugar production of around 1.4m tonnes to 3.4m tonnes by 1988.

Though most sugar experts welcome the government's drive to put new life into the industry they say the targets are too ambitious and may prove to be a heavier drain on government spending than originally thought.

Before World War II when Indonesia was still a Dutch colony, the area was an important world sugar producer and exporter. Production reached a peak of almost 3m tonnes in 1929 and at that time Indonesia was second only to Cuba as an exporter. The disruptions of wartime, the struggle for independence and the subsequent economic mismanagement of the country's first president, Sukarno, saw output fall to 639,000 tonnes in 1967, and for the first time in living memory Indonesia became a net sugar importer.

Though production picked up under the new regime of President Suharto, who came to power in 1965, output has never been able to catch up with the growth in demand.

The demand/supply gap has grown steadily over the past decade. Output grew at an average of 6 per cent in the 1970s to an estimated 1.3m tonnes last year, while demand grew at the same rate from a higher base to an estimated 1.9m tonnes in 1980. This year Indonesia is expected to import a record 700,000 tonnes of sugar.

According to the minister for agriculture, Professor Soedarsono Hadisapoetro, on current trends Indonesia would need to import about 1.5m tonnes of sugar in 1988 to meet new demand.

The Government has therefore embarked on a big programme to revitalise the country's sugar industry, which calls for rehabilitation of at least 27 of the country's 58 existing sugar mills (most of which are in East Java) at a cost of about $25m and the construction of 18 new sugar mills.

According to sugar experts at the Department of Estates, the new mills, coupled with the opening up of new land on the outer island and associated infrastructure, will cost about $1.8bn.

Next to self-sufficiency in rice, the nation's staple foodstuff, the goal of sugar self-sufficiency is now being regarded as the Government's top agricultural priority. The Government plans to open up around 90,000 hectares of new land to sugar cane on the island of Java, where most of the existing cane is grown. But the main effort will come in Sumatra, Kalimantan and Sulawesi, where the Government aims to open up around 300,00 hectares of new sugar land by 1988. Production on Java is expected to increase from around 1.25m tonnes now to about 1.85m tonnes by 1988, while production from the outer islands is planned to increase from a mere 53,000 tonnes to around 1.56m tonnes by 1988.

Many agree that these are admirable targets, but few believe that they will be met.

...bber price ...ves higher

...ur Commodities Staff

...ER PRICES rose in Lon... ...sterday, following further ...t buying by the buffer ... of the International ...al Rubber Organisation. ...R.S.S. No 1 spot quotation ...d 1p to 54.5p a kilo and ...on futures values also ...d higher.

...e buffer stock was told to ...vene "urgently and ...ously" in the market at the ...sion of the four-day meet... ...of International Rubber ...il meeting in Kuala ...r last week.

Norway signs fish deal with USSR

BY FAY GJESTER IN OSLO

NORWAY and Russia have reached agreement on 1982 catch quotas for several of the most important fish stocks which the two countries share in the Barents Sea along Norway's northern coast and around the Norwegian Arctic islands of Jan Mayen.

The deal reached after a week of hard bargaining in Moscow, has been welcomed by the Norwegian negotiators because it maintains the total cod quota unchanged from last year and puts no limit on over-fishing the quota by Norwegian coastal fishermen.

Russia, whose biologists are worried that Arctic cod stocks are being over-fished wanted to slash the overall quota to 140,000 tonnes from 340,000 this year, and to put a ceiling on over fishing of the so-called coastal "by net and line" boats operating along Norway's coasts. These boats have this year considerable exceeded their permitted catch while the Russians have taken much less than their quota. The low Russian catch partly reflects abnormal temperature conditions which have driven the cod west and south into Norwegian zones.

In return for Russian acceptance of a high 1982 cod quota, the Norwegians agreed to let Russia take a total of 470,000 tonnes of blue whiting—185,000 tonnes in Norway's economic zone, and the rest in the Jan Mayen zone. They also dropped their demands that trawl mesh width be increased to 155 milimetres from 125mm at present. The Russians opposed this because the cod in their zone consists mainly of young fish.

The quota for haddock was fixed at 110,000 tonnes, plus 10,000 tonnes for third countries while that for caplin—a small fish used mainly for oil and meal — will be 1.7m tonnes, 900,000 tonnes in the summer season and the rest in winter.

The division of the overall quotas also favours Norway, which will get 215,000 tonnes of the 340,000 tonnes total for cod, 80,000 of the 110,000 tonnes haddock quota and about two thirds of the caplin quota.

U.S. farm Bill deadlock

BY NANCY DUNNE IN WASHINGTON

A CLOUD of uncertainty hangs over the future of U.S. farm programmes. House and Senate conferees have temporarily given up the struggle to resolve differences in their respective Bills and to conform Administration demands that spending does not exceed $10.6bn over the next four years.

At the point where conferees adjourned until December 2, agreement had been reached on several measures, but passage in the full house was no sure propositio nand veto by President Reagan was still a possibility. In the event of a veto and no new farm programme this year, an old, complex 1949 law will automatically take effect.

Legislators have reached fairly firm agreement on higher target price and loan support levels for grains. Under the conference compromise, wheat support loan rates will increase 40 cents a bushel next year to $3.60 and will increase 6 per cent a year until 1985. Target prices, which require government payments to farmers if the market falls below the established level, will rise to $4 a bushel next year.

The corn support level will rise 20c a bushel to $2.60 and increase 6 per cent a year for the three years thereafter. Rice, too, has a 6 per cent per year price escalator built into its price support programme.

The conference has agreed to reinstate a sugar loan programme, but the level, now set at 17.5c, may be renegotiated to 17c or 16.5c — a level more acceptable to foreign sugar importers who have to pay duties and fees about 2c higher than the domestic price.

The legislators have backed off from bills which would have, in effect, limited meat imports, accepting an amendment which simply requires random inspection of imported meat.

To insure that no President will again impose a selective embargo on U.S. farm exports, the conference agreed on an embargo protection clause, requiring that the Government compensate farmers affected by the loss of foreign sales. With the estimated cost of such a payoff at $10.30bn, the committee feels such a ban would be virtually impossible unless it is part of an all encompassing trade embargo. It is intended to reassure the Soviet Union that the U.S. is once again "a reliable supplier."

...TISH COMMODITY MARKETS

...E METALS

...and Lead fell to six-month ... the London Metal Exchange. ...er subsided in the wake of ...fluctuations, stop-loss selling, ... and trade selling and closed ...5, after £862, while Lead fell ... £337 on the Asarco producer ... before recovering to close ...

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	8337-40	—7.5	8333-5	—10
3 months	8650-1	.....	8650-1	.....
Settlem't	8540	—7	—	.....
Standard				
Cash	8337-40	—7.5	8333-5	—10
3 months	8650-1	.....	8650-1	.....
Settlem't	8540	—7	—	

£452.00, 451.50, 451.00, 451.50. Kerb: Three months £451.00, 452.00. Turnover: 13,625 tonnes.

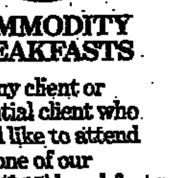
Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	540-.5	—1.75	539-.5	—3.75
3 months	564-.5	—1.75	562.5-3	—5

..., three months £888.00, 87.50. ...: Wirebars, three months ...rade £862.00, 863.00, 864.00, ...63.50, 864.00, 863.50, 863.00, ...364.00. Kerb: Wirebars, three ... £864.00, 64.50, 65.00, 64.50, ...rnover: 18,575 tonnes.

...Morning: Standard, cash £8,332; ...three months £8,651, 50. After...

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	439.5-40	+4	439-40	+2
3 months	453-.5	+6	451-2	+2
S'ment	440	+4	—	.....
Primw'ts	—	—	*46.75-50	.....

Zinc—Morning: Cash £439.50, 39.00, 39.50, three months £452.00, 53.00, 53.50. Kerb: Three months £452.00, 453.50, 453.00. Afternoon: Three months ...



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...modity Analysis Limited ...7-39 St Andrews Hill London EC4

ART GALLERIES

LEFEVRE GALLERY, 30, Bruton St., W1. 01-493 1572/3. 20th CENTURY WORK ON VIEW. Mon.-Fri. 10-5, Sat. 10-1.

LEGER, 13, Old Bond Street. English Watercolour Exhibition including Turner, Towne, White Abbott. Also H. B. Brabazon Exhibition. Mon.-Sat. 9.30-5.30.

MATHAF GALLERY, 24, Motcomb Street, London, SW1. Tel: 235 0010. Specialists in 19th Century and Contemporary Paintings of ARABIA.

MARLBOROUGH, 6, Albemarle St., W1. LARRY RIVERS: The continuing Interest in Abstract Art. Until 25 November. Mon.-Fri. 10-5.30, Sat. 10-12.30.

COOLING GALLERIES, 38, Albemarle St., W1. Phone: 01-629 5224. Special Christmas Exhibition of PAINTINGS ...

GRAINS

WHEAT Mnth	Yesterd'ys close	+ or —	BARLEY Yesterday close	+ or —
Jan	107.75	+0.05	103.55	—0.05
Mar	110.95	+0.29	106.70	+0.10
May	113.95	+0.20	109.65	—

SUGAR

LONDON DAILY PRICE—Raw sugar £153.00 (£151.00) a tonne cif Nov-Dec-Jan shipments. White sugar daily price £166.00 (£165.50).

Initial gains during the morning were erased by mid-afternoon and final prices were at the lows, reports C. Czarnikow.

PRICE CHANGES

In tonnes unless otherwise stated.

AMERICAN MARKETS

NEW YORK, November 23.

Almost all commodity markets were lower affected by indications of escalating recession and of higher interest rates. Only cocoa was higher as a result of a correction to an oversold situation, as the buffer stock manager is seeking authority to negotiate a commercial lon of $120 million, reported Heinold.

Copper—Nov 70.80 (71.80), Dec ...

... Feb 61.15-61.35 (62.15), April 61.20-61.30, June 62.25-62.10, Aug 62.00-62.10, Oct 61.00-60.77, Dec 61.82.

Live Hogs—Dec 43.67 (45.17), Feb 44.80 (46.30), April 42.72, June 45.40-45.30, July 46.65, Aug 45.47, Oct 44.25, Dec 45.65, Feb 47.50.

‡‡Maize—Dec 272¼-272¾ (275¾), March 288¾-289 (292½), May 298½-298¾, July 307½-307¾, Sept 313, Dec 318¾-318.

EUROPEAN MARKETS

ROTTERDAM, Nov 23.

Wheat—(U.S. $ per tonne): U.S. Two Dark Hard Winter 13.5 per cent Dec 20/Jan 10 213, Jan 20/Feb 10 218, Feb 20/Mar 10 218. U.S. No Two Red Winter Dec 184, Jan 187, Feb 190. U.S. No Three Amber Durum Dec 193, April/May 204, May/June 204. U.S. No Two Northern Spring 14 per cent ...

... June 277.75, July 279.50, Aug 282, Sept 284, Oct 284, Nov 284, Dec 290 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent protein U.S. afloat 228, Nov 228, Dec 231, Jan 234.50, Jan/Mar 239, Feb/Mar 241.50, April/Sept 250 sellers. Brazil Pellets afloat 250, Dec 251, Jan 259, Jan/Mar 258, April/Sept 254 sellers.

INDICES

FINANCIAL TIMES

Nov. 20	Nov. 19	Month ago	Year ago
247.98	248.87	259.99	272.72

(Base: July 1, 1952=100).

MOODY'S

Nov. 20	Nov. 19	Month ago	Year ago
985.1	984.7	999.7	1323.0

(December 31, 1931=100)

DOW JONES

Dow Jones	Nov. 20	Nov. 19	Month ago	Year ago
Spot	355.96	355.64	353.22	472.68
Fut'rs	367.97	370.00	371.53	501.64

(Average 1924-25-26=100)

REUTERS

Nov. 23	Nov. 20	M'nth ago	Year ago
1613.8	1609.3	1659.7	1765.7

(Base: September 18, 1931=100)

Dutch: 11-lb 4.00-4.50. New potatoes—Jersey: Per lb, Royal 0.15, Maris Peer 0.12; Italian: 0.18-0.19. Asparagus—New Zealand: Per lb 2.00; Australian: 2.00-2.25. Chestnuts—Italian: 5-kilos 2.50-5.00; Spanish: 5-kilos 2.50-5.00. Walnuts—Chinese: Per lb 0.44-0.45; U.S.: 0.60. Brazils—Per lb 0.40-0.42. Filberts—Per lb 0.38-0.40. Almonds—Per lb 0.48-0.50. Pecans—Per lb 0.95-1.00. Muscatels/Almonds—Spanish: 8-ob 0.45.

English Produce: Potatoes—Per 55-lb, White 2.20-2.50, red 2.50-2.80. ...

1.50. Lettuce—Per 12, round 1.40-18.0, Webb's 1.60-2.00. Radishes—Per 12 x 8-oz pack 1.40. Onions—Per tray x 20 bunches, spring 2.00, 55-lb 40/60 mm 2.00-2.60. Carrots—Per 26/28-lb 0.70-1.00. Beetroots—Per 28-lb, round 0.80-1.20, long 1.20. Fennel—Per 10-lb 1.30-1.50. Parsnips—Per 28-lb 1.20-2.00. Swedes—Per net 0.70-1.00. Leeks—Per 10-lb 1.20-1.60. Sprouts—Per 20-lb 1.50-2.50.

★

GRIMSBY FISH—Supply fair, demand good. Prices at ship's side (un...

Tight credit conditions exert pressure and Gilts react
Leading shares follow but close well above lowest

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Nov 9	Nov 19	Nov 20	Nov 30
Nov 23	Dec 3	Dec 4	Dec 14
Dec 7	Dec 17	Dec 22	Jan 4

* "New time" dealings may take place from 9 am two business days earlier.

Tight credit conditions again exerted upward pressure on short-term money market rates and adverseley affected London stock markets yesterday. The scarcity of investment funds had a noticeable impact on the market in Government securities which has recently seen funding by the authorities to the extent of £1.75bn; three additional £250m tranches of existing medium/longer-dated issues were announced last Friday when dealings started in the latest tap stock, the short-dated Exchequer 14 per cent 1986.

Over the past four weeks, Gilt-edged have benefited from a progressive fall in international interest rates. The recent slow-down in the pace of the decline in UK rates yesterday prompted some short-term holders to take profits and, with the market unwilling because of the lull in demand, longer-dated stocks reacted in sympathy. Initial easiness in sterling was also working against the market, but the exchange rate later rallied strongly against the dollar and losses extending to over a point were finally reduced to around ½. Similarly, falls ranging to 1/16 among the shorts were later cut to ¼.

Revived concern about the UK labour situation put equity dealers on the defensive from the start and it was soon obvious that leading shares were not going to extend Friday's after-hours' upsurge. The dullness in Gilt-edged gave added cause for caution and by mid-morning the tone was looking rather gloomy with sellers predominating.

However, hopes of a further cut soon in base lending rates touched off a small demand and a rallying tendency developed before noon. The movement gathered a little pace following better-than-expected first-half earnings from **Metal Box**, up 12 at 168p, after 174p, but market confidence faltered again in front of Wall Street's opening. This market consolidated Friday's gains in yesterday's early trade and influenced London sentiment with the result that the FT Industrial Ordinary share index closed only 2.4 lower at 517.8 after showing a fall of five points at 11 am; four index constituents were quoted ex-dividend and the deductions accounted for nearly two points of the day's loss.

Contracts in Traded Options amounted to 1,397, comprising of 1,142 calls and 255 puts. Imps were favoured for the call, recording 210 deals, while 206 calls were transacted in Commercial Union following publicity given to a broker's circular.

A. and G. Security Electronics attracted a reasonable business in first-time dealings in the Unlisted Securities Market; the shares opened at 83p and touched 84p before closing at 82p compared with the placing price of 80p. New Australia Investment Trust were quoted at 102p against the offer price of 100p.

Commercial Union up

Publicity given to a broker's favourable circular helped **Commercial Union** to rise 6 to 133p and feature an otherwise lacklustre Insurance sector. Demand ahead of today's interim results left **C. E. Heath** up 8 at 310p, while **Willis Faber** found support at 382p, up 4. **London United Investments** relinquished 4 to 208p as did **GRE**, to 312p.

Having risen 18 last week on hopes that the authorities will allow Hongkong and Shanghai to proceed with its bid, **Royal Bank of Scotland** added 4 more to 186p. Elsewhere, **Sturla** hardened a penny to 12p in response to an investment recommendation. **Hambros**, awaiting today's first-half figures, relinquished a couple of pence to 158p. The major clearers drifted lower on lack of support. **Lloyds**, 8 down at 410p, led the retreat with **Midland** closing 5 easier at 310p.

Leading Buildings were quietly firm. Occasional demand ahead of today's interim results left **BPB Industries** 2 dearer at 282p, while **Redland**, half-year results due on Thursday, touched 154p before reverting to the overnight level of 152p. **Blue Circle** hardened a couple of pence to 474p and **Ready Mixed Concrete** 4 to 198p. Among Contracting and Construction issues, **Taylor Woodrow** firmed 12 to 487p, while **French Kier**, interim results due on Thursday, improved a penny to 82p. **John Finlan**, a poor market since the termination of bid talks with an unnamed party, rallied 4 to 136p, while renewed demand in a limited market lifted **W. and J. Glossop** 3 to a 1981 peak of 73p.

Business in **ICI** was at a low ebb and the close was 2 cheaper at 282p.

Allebone jump

Weekend Press comment highlighting the company's takeover potential attracted speculative buyers to **Allebone** which rose smartly to finish 7 up on the day at 32p. Another shoe concern, **Headlam Sims and Coggins**, also stood out with a jump of 8 to 54p on the proposed two-for-five scrip issue. Stores made progress in places with **Dixons Photographic** notable for a gain of 8 at 153p. Reflecting the chairman's confident statement at the annual meeting, **Amber Day** improved 2 to 17p, while **Owen Owen** firmed 4 to 187p. Revived speculative support left **House of Fraser** a few pence better at 168p, while **Burton** hardened a penny to 130p ahead of tomorrow's preliminary figures. **Gussies "A"** shed 5 to 119p.

With the exception of **Thorn EMI**, which hardened a few pence to 440p, the Electrical leaders started the new Account on a quietly dull note as lack of fresh investment support left **GEC** with a fall of 7 at 753p and **Racal** 5 down at 400p, after 398p. Elsewhere, **Berec** rose 4 to 129p awaiting **Hanson Trust's** decision on its offer; HT cheapened 3 to 277p. **Chloride** hardened a penny to 23p on Press comment, while **Amstrad** put on 8 to 215p.

Engineers passed a quiet trading session and failed to show a decided trend. **Tubes** edged up 4 to 104p, but **Hawker** drifted off to close that amount down at 320p. Elsewhere, better-than-expected preliminary results brought **Concentric** to the fore with a jump of 8 to 37p. Demand in a limited market left **United Engineering** 25 to the good at 210p, while gains of around 5 were marked against **APV**, 225p, and **Adwest**, 170p. **Carcio** found support and put on 6 to 59p, while smaller-priced issues to make headway included **Habit Precision**, up 2½ at 13p, and **Butterfield-Harvey** a like amount dearer at 23½p. Dealings were temporarily suspended in **Ductile** at 94p; it was announced yesterday that an offer may be made for the company.

Food Retailers had a quiet session and closed narrowly mixed. **J. Sainsbury** softened 5 to 475p and **Fitch Lovell** 2 to 78p. **Kwik Save**, however, firmed 4 to 236p awaiting tomorrow's preliminary results. **Avana** hardened 3 to 243p in response to satisfactory interim results. Late demand in front of today's annual results left **Ranks Hovis McDougall** 2 dearer at 64p.

Metal Box pleases

Metal Box enlivened proceedings in miscellaneous industrials, jumping to 174p and closing 12 up at 168p in response to the increased interim dividend and better-than-expected first-half profits. **Vinten**, also following favourable half-term results, advanced 16 to 182p, after 190p, while **Dundonian** closed a penny dearer at 59p, after 62p, on the interim results. In the wake of Friday's jump of 44 following the dawn raid and subsequent bid in convertible loan stock or 190p cash per share from RTZ, **T. W. Ward** eased 2 to 186p; **Tunnel Holdings**, look likely to receive a bid from RTZ if the Ward offer goes unconditional, rose 8 to 488p. **Extel** rose 5 to 245p ahead of Thursday's interim figures. **Broken Hill Proprietary** added 20 to 615p following Press comment, while **Siebe Gorman** hardened a few pence to 178p for a similar reason. Down 38 last week on the proposed rights issue, **CSR** rallied 10 to 224p, while improvements of 8 and 12 respectively were seen in **Wolseley-Hughes**, 283p, and **Johnson Matthey**, 287p. **Dirple** found support at 42p, up 6, but **Bestobell** remained on offer and lost that much to 351p. **Elswick-Hopper** softened 1½ to 8½p on the first-half deficit and interim dividend omission.

Two contrasting features emerged in the Leisure sector; publicity given to a broker's bullish circular prompted support for **Horizon Travel**, which gained 10 to 267p, but **Associated Leisure** shed 4 to 85p following poor interim results.

Attwood Garages attracted revived speculative interest and jumped 9 to 90p. Elsewhere in the Motor sector, **Lucas** eased 2½ to 207p xd following the annual report, while small selling clipped 8½ from **Flight Refuelling**, 275p xd.

City Offices firmed 4 to 127p on Press suggestions that the company might attract a counter bid to Greycoat Estates' share-exchange offer, currently worth 132p per share with Greycoat 5 up at 165p. Elsewhere in the Property sector, **Thames Investment** put on 6 to 160p following an investment recommendation, while demand ahead of Thursday's interim results lifted **Property and Reversionary** 5 to 165p. The leaders had **Land Securities** 4 off at 320p xd, but **MEPC** the turn better at 229p. **Capital and Counties** added 3 to 112p; the half-yearly results are due on Friday.

Leading Oils trended easier with early selling fairly well absorbed. **BP** closed without alteration at 322p, but **Shell**, a good market last week on the third-quarter figures, reacted 8 to 390p. Among the more speculative issues, **Gas and Oil Acreage** rose 25 to 460p following weekend Press mention. **KCA Drilling** ended 4 up at 67p. **Atlantic Resources** rose 20 to 230p and **Candecca** improved 6 to 202p. **Jacksons Exploration** closed unaltered at 90p; the price given in last Friday's issue was incorrect.

In Overseas Traders, **Lonrho** rose 3 to 81p.

Money brokers were inclined easier, **R. P. Martin** reacting 10 to 310p and **Mercantile House** drifting off to close 4 lower at 438p. Elsewhere in Financials, **Hampton Trust** encountered buyers and put on 2½ to 27½p.

Little worthy of note developed in Shippings where **P & O Deferred** eased 2 to 125p. **Turnbull and Scott** eased 10 to 365p following the gloomy statement on the trading outlook.

Still reflecting satisfactory half-year results, **Nova (Jersey) Knit** improved 3 more to 85p. Elsewhere in Textiles, **Leeds Dyers** found support and put on 5 to 60p, while favourable Press mention prompted scattered demand for **Sirdar**, up 3 at 115p.

Weekend Press comment stimulated further speculative interest in **Rothmans International**, which opened higher at 80p and eased to 77½p before settling a net 2 up at 79p.

Blantyre improved 2 to 91p following the increased bid from Eastern Produce.

Renewed pressure on the bullion price, which dropped $7.5 to a 15-week low of $395.5 an ounce, unsettled South African Golds and other mining issues.

The former were marked down at the outset and continued to lose ground before a minor rally in the after-hours' trade took prices off the day's worst. The Gold Mines index fell 5.5 to 298.7—its lowest level since July 8.

Falls ranged to ½ in the heavyweight issues, such as **Hartebeest**, £24¾, while medium and lower-priced stocks to show new lows for 1981 took in **Western Areas**, 6 off at 194p, and **Welkom**, 12 down at 539p.

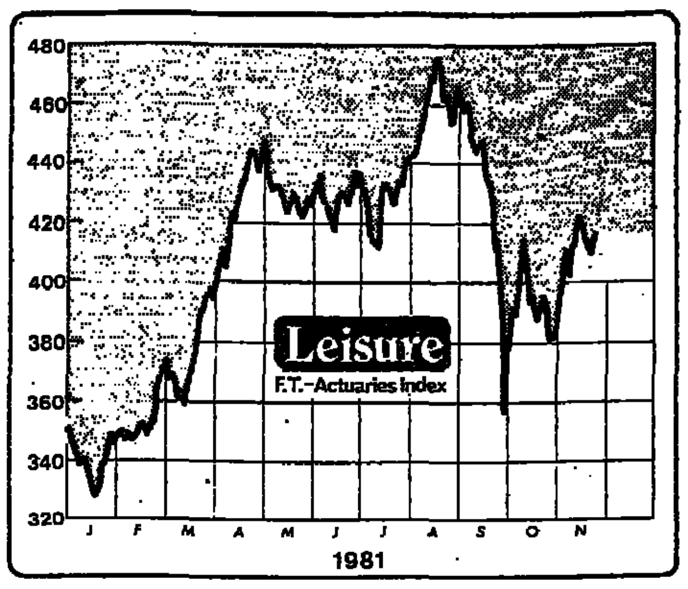
Financials suffered from lack of interest and the downturn in UK equities. **RTZ** gave up 7 more to 445p on further consideration of the bid for T. W. Ward.

In South African Financials, **Anglo American Corporation** held at 650p in front of the interim results expected on Thursday.

Australians staged a good rally after the heavy falls in recent weeks. **Hampton Areas** were outstanding and finally a net 18 higher at 160p, after 170p, as persistent and sizeable buying followed market talk of a broker's bullish circular.

Among the leaders, **Peko-Wallsend** put on 10 to 315p, despite the troubles at the Ranger uranium mine, while **Western Mining** rose 6 to 228p.

The oil and gas sector provided a feature in **Claremont Petroleum**, which jumped 7 to 20p, after 21p, following the 350 barrels-a-day oil flow from the Jackson No. 1 wildcat well in the Cooper Basin; Claremont is paying 50 per cent of the costs of the well to earn a 10 per cent interest in the block in which the discovery well is located. **Oil Company of Australia**, also involved in the Jackson discovery, hardened 2 to 20p.



FINANCIAL TIMES STOCK INDICES

	Nov. 23	Nov. 20	Nov. 19	Nov. 18	Nov. 17	Nov. 16	A year ago
Government Secs....	63.96	64.49	64.62	63.97	63.96	64.30	71.22
Fixed Interest	64.22	64.49	64.49	64.16	64.22	64.28	72.39
Industrial Ord.........	517.8	520.2	511.7	503.5	508.3	503.7	508.2
Gold Mines	298.7	304.2	300.7	301.4	299.2	307.7	498.5
Ord. Div. Yield........	5.80	5.77	5.86	5.95	5.88	5.93	7.15
Earnings, Yld. % (full)	9.91	9.84	9.81	9.93	9.83	9.92	15.86
P/E Ratio (net) (*)...	12.94	13.47	13.23	13.08	13.22	13.10	7.72
Total bargains	18,015	17,334	18,874	17,855	17,511	19,285	26,658
Equity turnover £m.	—	172.27	146.14	102.55	92.31	107.01	155.59
Equity bargains......	—	15,900	14,646	14,168	12,349	13,937	21,662

10 am 516.3. 11 am 515.2. Noon 516.6. 1 pm 516.4.
2 pm 515.9. 3 pm 515.9.
Latest Index 01-246 8026.
*Nil=11.51.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs..	70.61 (20/3)	60.17 (26/10)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int....	72.01 (20/5)	61.61 (26/10)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.. .	597.3 (30/4)	446.0 (14/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines..	429.0 (14/8)	262.6 (29/6)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Nov. 20	Nov. 19
—Daily		
Gilt Edged Bargains...	178.9	191.7
Equities Bargains...	103.0	94.9
Value	348.2	295.4
5-day Avrge.		
Gilt-Edged Bargains	191.6	196.4
Equities Bargains...	92.0	87.3
Value.....	250.7	229.8

RECENT ISSUES
EQUITIES

Issue price p	Amount paid up	Latest Renunc. Date	1981 High	1981 Low	Stock	Closing price p	+ or −	Div. p or amount	Times covered	Gross yield	P/E ratio
180	F.P.	—	84	82	A & G Sec. Elecs. 5p	82	.....	b2.75	3.3	3.0	29.5
§70	F.P.	30/11	73	68	Acsis Jewellery......	69	.....	u3.7	2.0	7.7	(7.5)
—	F.P.	4/12	850	775	Asprey	800	+25	35.0	5.3	6.3	6.8
168	F.P.	8/1	205	191	Cable & Wireless 50p	193	.....	b6.5	2.0	4.7	15.3
†35	F.P.	—	35	33	City Site..........	34	....	b0.5	1.2	2.1	58.4
140	F.P.	—	187	174	Exco 10p	178	....	b4.5	2.2	3.6	18.1
—	F.P.	—	9	9	F&C Enter. Warrants	9	....	—	—	—	—
§90	F.P.	4/12	105	95	Feedback 10p... ..	95	....	b2.0	3.0	3.0	15.9
§50	F.P.	9/12	50	42	Gr'nw'hCable&Cm.	42	....	—	—	—	—
§10½	F.P.	2/12	17	14	Humberside El. 10p	17	....	—	—	—	—
63	F.P.	2/12	76	69	JohnstonesP'int10p	75	....	b3.33	2.5	6.7	7.8
100	F.P.	—	104	102	NewAustraliaInv.50p	102	....	—	—	—	—
§67	F.P.	18/12	69	68	Sheldon Jones......	69	....	u3.5	2.4	7.3	7.8
†	F.P.	—	33	32	Television South 10p	32	....	—	—	—	—
§62	F.P.	4/12	64	60	V.W.	61	....	bd3.84	2.3	9.0	5.7
—	F.P.	—	4½	4½	Viners 1p........	4½	....	—	—	—	—

"RIGHTS" OFFERS

Issue price p	Am'unt paid up	Latest Renunc. date		1981 High	1981 Low	Stock	Closing price p	+ or −
275	125p	15/7	2/12	183	104	BP..................	172	+6
20	F.P.	13/11	11/12	25	20¼	Brown & Jackson........	24	
182	F.P.	23/10	27/11	204	183	Foseco Minsep..........	204	+5
90	F.P.	21/10	26/11	109	90½	Heelamat..........	109	+1
14	Nil	27/11	8/1	6pm	4pm	Lancaster (D.M.)........	6pm	....
126	Nil	2/12	15/1	17pm	9pm	Northern Foods..........	9pm	−1
50cts.	Nil	—	—	117pm	103pm	T N T........	110pm	...
20	F.P.	13/11	15/12	42	33	Websters..........	41	−1

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price	+ or −
‖	F.P.	26/10	83½p	81p	Asprey 9½% Cum. Prf.........	83½p	.....
¶¶	F.P.	7/12	100½	97	Austin (F.) Leyton 11½% Ptly Cnv. Red 1994	98	.....
100	£10	10/12	64	62	Brooke Bond Leibig 8½% Deb. '87/92...	62	.....
¶¶	F.P.	—	38p	38p	Cator Ryder 4.2 2nd. Cum. Prf......	38p	.....
§33p	F.P.	—	33p	32p	City Site Ests. 10% Cnv. Cum. Red. Prf.	32p	.....
**	F.P.	10/12	12½	12	E. Worcs Waterworks 10½% Rd. Prf. '86	12½	.....
§100	F.P.	—	99¾	92	Hawley Group 12½% Cum. Pref.	94	.....
51p	F.P.	—	54p	52p	Inchcape 5½% Cum. Red. Prf. 1990/2..	54p	−1
§100	F.P.	—	100½	100	[illegible]wide Bdg. Society 15½% Bds 24/11/82	100½	.....
97.29	£25	—	28½	28¼	Nova Scotia (Province of) 16% Ln 2011...	28½	.....
‖£1	F.P.	13/11	102¼	100¼	[illegible] 10% Cnv. Cum. Prf. ...	[illegible]	.....
—	F.P.	—	3¼p	1p	Sterling Credit Warrants ...	[illegible]	.....
†	100	—	88	86	Television South Loan...	[illegible]	.....
100	£10	13/11	12½	12	Tendring H'dred Water 15% Rd. Prf. '86	12½	.....
—	F.P.	—	135	115	Viners 10% Cnv. Loan 1986 ...	118	.....

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. m Interim since increased or resumed. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimate for 1981. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✱ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Issued as a unit comprising 33 Ordinary and £5 Loan 1986-88.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Allebone	32	+7	Hampton Areas	160	+18
British Aerospace	200	−3	KCA International	152	−4
Candecca	202	+6	*Leigh Interests*	131	−1
Commercial Union	133	+6	Metal Box	168	+12
Dundonian	59	+1	Tunnel B	488	+8
English China Clays ...	148	+7	Vinten	182	+16

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Friday's closing price pence	Day's change	Stock	No. of price changes	Friday's closing price pence	Day's change
Ward (T.W.)	29	188	+44	Ryl Bk of Scot	21	182	+5
Brti. Aero. ...	26	203	+11	RTZ	20	452	−8
Scot. & New.	25	55	+3	NCC Energy ..	19	82	+2
Burmah Oil ...	24	129	+12	Shell Tran ...	19	398	+22
BP	23	322	+14	KCA Int	18	156	+21
P. & O. Dsfd.	22	127	+3	Lucas Inds ..	18	218	+9
GEC	21	760	+20	Plessey	18	342	+5

WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on November 23 1981. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rate; (S) member of the sterling area other than Scheduled Territories; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (k) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

Place	Local unit	Value of £ Sterling
Afghanistan	Afghani	99.0
Albania	Lek	10.15
Algeria	Dinar	7.9560
Andorra	French Franc	10.805
	Spanish Peseta	183.15
Angola	Kwanza	(CM) 62.936 / (T) 65.139
Antigua (S)	E. Caribbean $	5.15
Argentina	*Ar. Peso*	(cm) 12,582.0 / (fn) 20,812.0
Australia (S)	Australian $	1.6770
Austria	Schilling	29.975
Azores	Portugu'se Escudo	123.35
Bahamas (S)	Ba. Dollar	1.9045
Bahrain (S)	Dinar	0.713
Balearic Isles	Spa. Peseta	183.15
Bangladesh (S)	Taka	36.15
Barbados (S)	Babados $††	3.8090
Belgium	B. Franc	(cm) 72.05 / (fn) 80.25
Belize	B $	3.8090
Benin	C.F.A. Franc	540.25
Bermuda (S)	Bda $	1.9045
Bhutan	*Indian Rupee*	17.38
Bolivia	Bolivian Peso	47.00
Botswana (S)	Pula	1.6650
Brazil	Cruzeiro ‡‡	226.06
Brit. Virgin Isles (S)	U.S. $	1.9045
Brunei (S)	Brunei $	3.9320
Bulgaria	Lev	1.6980
Burma	Kyat	12.25
Burundi	Burundi Franc	169.01
Cameroon Republic	C.F.A. Franc	540.25
Canada	Canadian $	2.2526
Canary Islands	Spanish Peseta	183.15
Cape Verde Isle.	Cape V. Escudo	69.35
Cayman Islands (S)	Cay. Is. $	1.5870
Cent. Af. Repub.	C.F.A. Franc	540.25
Chad	C.F.A. Franc	540.25
Chile	C. Peso	(Bk) 74.29
China	Renminbi Yuan	3.3256
Colombia	C. Peso	(F) 109.25
Comoro Islands	C.F.A. Franc	540.25
Congo (Brazaville)	C.F.A. Franc	5.4025
Costa Rica	Colon	38.15
Cuba	Cuban Peso	1.3685
Cyprus (S)	Cyprus £	0.8195
Czechoslovakia	Koruna	(com) 10.80 / (n/c) 18.81 / (T) 18.20
Denmark	Danish Kroner	13.77
Djibouti	Fr	300 (sg)
Dominica (S)	E. Caribbean $	5.15
Dominican Repub.	Dominican Peso	1.9045
Ecuador	Sucre	(O) 47.57 / (F) 61.55
Egypt	Egyptian £	(U) 1.53
Equatorial Guinea	Ekuele	366.3
Ethiopia	Ethiopian Birr	(P) 3.9650
Falkland Is. (S)	Falkland Is. £	1.0
Faroe Islands	Danish Kroner	13.77
Fiji Islands	Fiji $	1.6590
Finland	Markka	8.3180
France	French Franc	10.8050
French C'ty in Af.	C.F.A. Franc	540.25
French Guiana	Local Franc	10.805
French Pacific Is.	C.F.P. Franc	190 (sg)
Gabon	C.F.A. Franc	540.25
Gambia (S)	Dalasi	4.0
Germany (East)	Ostmark	4.295
Germany (West)	Deutsche Mark	4.295
Ghana (S)	Cedi	5.22
Gibraltar (S)	Gibraltar £	1.0
Greece	Drachma	107.843
Greenland	Danish Kroner	13.77
Grenada (S)	E. Caribbean $	5.15
Guadaloupe	Local Franc	10.805
Guam	U.S. $	1.9045
Guatemala	Quetzal	1.9045
Guinea Republic	Syli	40.35
Guinea Bissau	Peso	71.90
Guyana (S)	Guyanese $	5.6745
Haiti	*Gourd*	9.5225
Honduras Repub.	Lempira	3.8200
Hong Kong (S)	H.K. $	10.84
Hungary	Forint	63.4217‡‡
Iceland (S)	I. Krona	15.617
India (S)	Ind. Rupee	17.38
Indonesia	Rupiah	1,197.0
Iran	Rial	150.50 (sg)
Iraq	Iraq Dinar	0.56105
Irish Republic (k)	Irish £	1.2100
Israel	Shekel	27.75
Italy	Lira	2,286.0
Ivory Coast	C.F.A. Franc	540.25
Jamaica (S)	Jamaica Dollar	3.3965
Japan	Yen	414.5
Jordan (S)	Jordan Dinar	0.628 (sg)
Kampuchea	Riel	2,285.5
Kenya (S)	Kenya Shilling	19.32
Kiribati	Australian $	1.6670
Korea (Nth)	Won	1.76 (ll)
Korea (Sth)	Won	1,308.77
Kuwait	Kuwait Dinar	0.531
Laos	New Kip	19.045
Lebanon	Lebanese £	8.7970
Lesotho	Loti	1.8455
Liberia	*Liberian $*	1.9045
Libya	Libyan Dinar	0.5638
Liechtenstein	Swiss Franc	3.4450
Luxembourg	Lux Franc	72.05
Macao	Pataca	11.26
Madeira	Portug'se Escudo	123.35
Malagasy Republic	MG Franc	540.25
Malawi (S)	Kwacha	1.715
Malaysia (S)	Ringgit	4.30
Maldive Islands (S)	Mal Rupee	7.4670
Mali Republic	Mali Franc	1,080.5
Malta (S)	Maltese £	0.737
Martinique	Local Franc	10.805
Mauritania	Ouguiya	107.70
Mauritius (S)	M. Rupee	18.95
Mexico	Mexican Peso	50.71
Miquelon	French Franc	10.805
Monaco	French Franc	10.805
Mongolia	Tugrik	[illegible]
Montserrat	E. Caribbean $	5.15
Morocco	Dirham	9.81 (sg)
Mozambique	Metical	57.30
Nauru	Australian Dollar	1.6670
Nepal	Nepalese Rupee	22.10
Netherlands	Guilder	4.70
Netherland Antilles	Antillian Guilder	3.4080
New Zealand (S)	N. Z. Dollar	2.2965
Nicaragua	Cordoba	19.05
Niger Republic	C.F.A. Franc	540.25
Nigeria (S)	Naira	1.21189 (sg)
Norway	Norway Krone	11.02
Oman Sul'ate of (S)	Rial Omani	0.654
Pakistan	Pakistan Rupee	18.94
Panama	Balboa	1.9045
Papua N. Guinea (S)	Kina	1.2790
Paraguay	Guarani	(O) 240.03 / (F) 318.15
Peru	Sol	(exA) 912.32
Philippines	Philippine Peso	15.35
Pitcairn Islands (S)	£ Sterling	—
	New Zealand $	2.2965
Poland	Zloty	(T) 66.96
Portugal	Portug'se Escudo	123.35
Puerto Rico	U.S. $	1.9045
Qatar (S)	Ryal	6.89
Reunion Ile de la	French Franc	10.805
Romania	Leu	(cm) 6.06 / (nc) 19.83
Rwanda	Rwanda Franc	168.65
St. Christopher (S)	E. Caribbean $	5.15
St. Helena	St. Helena £	1.0
St. Lucia	E. Caribbean $	5.15
St. Pierre	Local Franc	10.805
St. Vincent (S)	E. Caribbean $	5.15
Salvador El	Colon	4.75
Samoa American	U.S. $	1.9045
San Marino	Italian Lira	2,286.0
Sao Tome & Principe	Dobra	73.95
Saudi Arabia	Ryal	6.47
Senegal	C.F.A. Franc	540.25
Seychelles	S. Rupee	11.70 (sg)
Sierra Leone (S)	Leone	2.2353
Singapore (S)	Singapore $	3.9320
Solomon Islands (S)	Solomon Is. $	(A) 12.10
Somali Republic	Somali Shilling	(1) 23.75
South Africa (S)	Rand	1.8455
South West African Territories (S)	S.A. Rand	1.8455
Spain	Peseta	183.15
Spanish ports in North Africa	Peseta	183.15
Sri Lanka (S)	S. L. Rupee	39.78
Sudan Republic	Sudan £ (u)	2.12
Surinam	S. Guilder	3.4080
Swaziland (S)	Lilangeni	1.8455
Sweden	S. Krona	10.455
Switzerland	Swiss Franc	3.445
Syria	Syria £	(A) 11.0
Taiwan	New Taiwan $	68.55
Tanzania (S)	Tan. Shilling	15.75
Thailand	Baht	43.94
Togo Republic	C.F.A. Franc	540.25
Tonga Islands (S)	Pa'anga	1.6670
Trinidad (S)	Trinidad & Tob. $	4.5706
Tunisia	Tunisian Dinar	0.954 (sg)
Turkey	Turkish Lira	345.08
Turks & Caicos	U.S. $	1.9045
Tuvalu	Australian $	1.6670
Uganda (S)	Uganda Shilling	185.0
United States	U.S. Dollar	1.9045
Uruguay	Uruguay Peso	(cm) 21.56 / (fn) 21.68
Utd. Arab Emirates	U.A.E. Dirham	6.98
U.S.S.R.	Rouble	1.3920
Upper Volta	C.F.A. Franc	540.25
Vanuatu	Vatu	174.86
	Aust. Dollar	1.6670
Vatican	Italian Lire	2,286.0
Venezuela	Bolivar	8.17
Vietnam	Dong	[illegible]
Virgin Islands U.S.	U.S. Dollar	1.9045
Western Samoa (S)	Samoan Tala	3.0550
Yemen (Nth)	Ryal	8.90 (sg)
Yemen (Sth)	S. Yemen Dinar	(A) 0.6490
Yugoslavia	New Y Dinar	74.7346
Zaire Republic	Zaire	10.38647
Zambia	Kwacha	1.6650
Zimbabwe	Zimbabwe $	1.3566

*That part of the French community in Africa formerly French West Africa or French Equatorial Africa. † Rupees per pound. ‡ General rates of oil and iron exports 80.00. **Rate is the transfer market (controlled). ††Rate is now based on 2 Barbados $ to the dollar. ‡‡ Now one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral agreement with Egypt and who are not members of IMF. (1) Based on gross rates against Russian rouble. (2) Parallel exchange rate for essential imports. (4) Exports, non-essential imports and transfers.

NEW HIGHS AND LOWS FOR 1981

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981.

NEW HIGHS (18)

CANADIANS (1)
Bell Canada

BEERS (1)
Morland

BUILDINGS (1)
Glossop

STORES (1)
Habitat

ELECTRICALS (1)
Amstrad

ENGINEERING (1)
Firth (G. M.)

INDUSTRIALS (4)
Barth & Portland; London & Liverpool; Clarke (Clement); Vinten

INSURANCE (1)
Taisho Marine

MOTORS (1)
Attwood Garages

TEXTILES (1)
Sirdar

TRUSTS (1)
F. & C. Ent. Tst

MINES (1)
Pengkalen

NEW LOWS

BRITISH FUNDS (1)
Exch. 14pc 86 (£40 pd)

AMERICANS (1)
Lowes

ENGINEERING (2)
Clifford (Ch.); Folkes Hefo N/V

INDUSTRIALS (6)
Alpine Hldgs.; Davies & Newman; Arenson (A.); Hallam Sleigh; Berwick Timpo; L.C.P. Hldgs.

SOUTH AFRICANS (1)
Gold Fields Prop.

TEXTILES (1)
Scott & Robertson

TRUSTS (2)
SPLIT Inc.; Bonusbond

MINES (2)
Western Areas; Welkom

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	—	82	10
Corpns. Dom. and Foreign Bonds ..	2	32	39
Industrials	337	202	918
Fin. and Props. ..	159	73	277
Oils	43	11	51
Plantations	4	4	15
Mines	34	42	92
Others	85	15	52
Totals	664	461	1,354

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Nov 16	Nov 27	Feb 25	Mar 8
Nov 30	Dec 11	Mar 11	Mar 22
Dec 14	Dec 29	Mar 25	Apr 5

For rate indications see end of Share Information Service

of ICL, P and O Deferred, Woodside Petroleum, Rothmans, British Petroleum, Keith Collins Petroleum, British Home Stores, R.T.Z., Rockware Group, Greencoat, Moben and Offshore Oil. Puts were arranged in Plessey, Royal Bank of Scotland, Burmah Oil, Tubes, GKN, Bowater and Lucas, while double options were transacted in Racal and Burmah Oil.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Mon., Nov. 23, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri. Nov. 20 Index No.	Thurs. Nov. 19 Index No.	Wed. Nov. 18 Index No.	Tues. Nov. 17 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (209)	338.18	−0.1	10.25	4.66	12.08	338.44	333.10	329.11	332.07	298.08
2	Building Materials (25)	286.94	+0.5	15.52	5.96	7.35	285.53	283.94	281.86	284.90	252.45
3	Contracting, Construction (28)	499.92	+0.2	19.06	5.53	6.13	498.73	497.98	497.13	498.85	430.35
4	Electricals (30)	1156.16	−0.6	7.89	2.48	15.82	1163.41	1140.02	1121.73	1136.05	965.42
5	Engineering Contractors (9)	484.56	+0.9	13.39	5.73	8.81	480.46	480.62	476.66	475.31	375.82
6	Mechanical Engineering (66)	187.29	−0.5	11.27	5.81	11.33	188.15	184.63	182.43	184.00	184.52
8	Metals and Metal Forming (12)	165.31	+1.6	8.70	7.35	15.70	162.73	159.53	156.16	156.26	153.85
9	Motors (21)	90.43	−1.2	—	7.52	—	91.50	88.61	87.35	88.06	96.07
10	Other Industrial Materials (18)	355.71	+0.9	9.23	6.35	13.17	352.52	347.40	345.57	347.22	0.00
21	CONSUMER GROUP (198)	266.44	−0.5	13.30	6.15	9.27	267.72	265.83	264.36	266.77	251.33
22	Brewers and Distillers (20)	272.64	−0.3	16.49	7.11	7.30	273.37	270.14	264.29	267.55	286.12
25	Food Manufacturing (21)	264.46	−0.8	15.25	6.41	7.93	266.58	265.22	265.14	267.34	220.10
26	Food Retailing (15)	542.81	−0.4	9.49	3.58	12.79	545.25	540.33	541.45	543.30	454.40
27	Health and Household Products (7)	350.55	−1.1	8.95	4.57	13.12	354.63	354.94	354.53	357.69	253.93
29	Leisure (24)	417.60	+0.6	9.73	5.27	12.77	415.26	412.80	409.50	412.88	365.25
32	Newspapers, Publishing (12)	474.57	+1.0	12.99	6.35	11.16	470.01	463.90	463.90	463.90	447.75
33	Packaging and Paper (13)	129.15	+0.9	15.97	8.24	7.47	127.95	128.09	125.26	125.84	127.90
34	Stores (46)	237.48	−0.9	12.07	5.65	11.13	239.62	237.03	236.70	239.27	261.88
35	Textiles (23)	148.88	+0.9	8.90	6.18	15.36	147.62	146.29	144.55	146.50	132.10
36	Tobaccos (3)	243.07	−0.7	23.39	10.71	4.92	244.77	244.00	244.06	246.07	212.71
39	Other Consumer (14)	248.89	−0.4	6.50	6.98	29.51	249.83	251.42	250.91	251.99	0.00
41	OTHER GROUPS (80)	219.48	—	11.00	6.30	11.74	219.50	217.51	215.74	217.68	228.42
42	Chemicals (16)	288.75	−0.6	5.52	6.22	30.40	290.49	285.36	282.05	286.56	313.10
44	Office Equipment (4)	105.24	+1.8	17.38	8.37	6.88	103.39	102.20	99.98	99.80	106.62
45	Shipping and Transport (13)	493.68	−0.6	21.71	7.48	5.48	496.69	492.13	490.18	493.20	571.96
46	Miscellaneous (47)	278.45	+0.5	12.33	5.70	10.06	277.17	277.14	276.10	277.41	280.23
49	INDUSTRIAL GROUP (487)	284.33	−0.3	11.84	5.61	10.48	285.09	282.66	279.72	282.26	265.39
51	Oils (13)	744.41	−0.8	19.12	7.58	5.92	750.23	715.25	698.53	705.44	1009.36
59	500 SHARE INDEX	321.60	−0.4	13.19	5.97	9.18	322.76	317.18	313.69	316.58	324.17
61	FINANCIAL GROUP (119)	253.36	−0.5	—	5.98	—	255.17	253.59	252.12	252.95	248.01
62	Banks (6)	272.47	−0.6	32.77	6.91	3.59	273.99	272.95	267.76	266.84	251.63
63	Discount Houses (9)	250.74	+0.4	—	8.83	—	249.79	249.47	248.12	249.33	311.91
64	Hire Purchase (3)	215.89	—	14.41	8.56	9.61	215.89	214.79	218.63	220.38	225.40
65	Insurance (Life) (9)	255.97	−0.3	—	6.25	—	256.72	256.22	256.07	256.85	255.10
66	Insurance (Composite) (10)	160.81	−1.2	—	8.33	—	162.83	160.80	161.52	162.37	158.94
67	Insurance Brokers (8)	424.98	+0.8	10.88	5.67	12.49	421.51	418.98	420.57	420.02	333.91
68	Merchant Banks (12)	151.59	−0.6	—	5.34	—	152.57	152.20	152.88	152.76	161.68
69	Property (50)	456.75	−0.4	4.55	3.16	29.59	458.50	454.82	450.76	456.51	468.85
70	Miscellaneous (12)	171.11	−0.1	17.61	6.16	6.95	171.28	171.44	171.13	170.70	160.29
71	Investment Trusts (110)	284.06	+0.3	—	5.67	—	283.22	281.86	281.92	282.60	297.85
81	Mining Finance (4)	227.48	−1.4	15.15	6.22	7.95	230.77	233.45	230.18	230.13	255.03
91	Overseas Traders (17)	414.71	+0.9	12.72	7.68	9.59	411.22	406.86	407.91	409.79	446.35
99	ALL-SHARE INDEX (750)	306.17	−0.4	—	5.99	—	307.26	303.08	300.26	302.40	300.83

FIXED INTEREST

	PRICE INDICES	Mon. Nov. 23	Day's change %	Fri. Nov. 20	xd adj. today	xd adj. 1981 to date
	British Government					
1	5 years	106.09	−0.14	106.24	—	9.74
2	5-15 years	102.80	−0.84	103.67	—	11.14
3	Over 15 years	104.32	−0.93	105.30	—	12.60
4	Irredeemables	112.31	−1.24	113.72	—	13.50
5	All Stocks	104.10	−0.65	104.78	—	11.10
6	Debentures & Loans	80.15	−0.17	80.98	0.69	10.60
7	Preference	59.93	+0.78	59.79	0.33	6.68

	AVERAGE GROSS REDEMPTION YIELDS		Mon. Nov. 23	Fri. Nov. 20	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	13.26	13.13	11.53
2		15 years	13.59	13.43	11.49
3		25 years	13.57	13.41	11.49
4	Medium Coupons	5 years	15.49	15.35	13.12
5		15 years	15.40	15.22	13.06
6		25 years	14.87	14.72	12.82
7	High Coupons	5 years	15.41	15.22	13.14
8		15 years	15.60	15.45	13.33
9		25 years	15.14	14.98	13.01
10	Irredeemables	†	13.08	12.91	11.82
11	Debs & Loans	5 years	16.24	16.03	13.98
12		15 years	16.11	16.03	13.77
13		25 years	16.05	16.03	13.57
14	Preference		[illegible]	[illegible]	14.60

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

FT UNIT TRUST INFORMATION SERVICE

L & C Unit Trust Management Ltd.,
The Stock Exchange, London EC2N 1HA 588 2800

L&C Inc. Fund	162.3	167.4	.....	8.96
L&C Intl & Gen Fd	135.6	139.8	.....	1.58

Legal & General (Unit Tst. Mngrs.) Ltd.
5 Rayleigh Rd., Brentwood 0277 217238

Equity Dis.	92.4	99.9	+0.7	4.50
Equity Acc.	129.6	140.1	+1.1	4.50
Gilt	108.9	114.4	-0.9	8.38

Leonine Administration Ltd.
2, St. Mary Axe, EC3A 8BP. 01-623 6114.

Leo Distribution	121.7	129.1	.....	0.42
Leo Accum.	144.5	153.3	.....	0.42

Lloyds Bk. Unit Tst. Mngrs. Ltd. (a)
Registrar's Dept., Goring-by-Sea,
Worthing, West Sussex. 01-623 1288

Balanced	71.8	77.2	+0.9	4.89
Do. (Accum.)	112.5	120.9	+0.6	4.89
Energy Int.	45.6	49.2	+1.0	1.97
Do. (Accum.)	46.5	50.0	+1.1	1.97
Extra Income	58.1	62.6	+0.3	9.69
Do. (Accum.)	82.7	88.9	+0.5	9.69
Income	92.9	95.8	+0.7	7.41
Do. (Accum.)	155.1	163.8	+1.0	7.41
Intl. Technology	79.5	85.4	+1.0	0.58
Do. (Accum.)	80.9	86.9	+1.0	0.58
N. American & Gen.	51.8	54.6	+0.9	1.29
Do. (Accum.)	51.9	55.7	+1.0	1.29
Pacific Basin	47.4	50.5	+0.3	1.00
Do. (Accum.)	47.4	51.9	+0.2	1.00
Small Cos. & Recy.	55.3	59.4	+0.4	2.92
Do. (Accum.)	58.0	62.3	+0.4	2.92
Worldwide Gwth.	86.4	92.9	+1.3	2.21
Do. (Accum.)	115.3	123.9	+1.6	2.21
Exempt Nov 3	134.9	130.4	.....	8.26

†Unauthorised. For tax exempt funds only.

Lloyd's Life Unit Tst. Mngrs. Ltd.
2, St. Mary Axe, EC3A 8BP. 01-623 6114

Equity Accum. (2)	261.9	275.6	.....	4.27

Local Authorities' Mutual Invest. Tst.*
77, London Wall, EC2N 1DB. 01-588 1815

Property Fd. Oct. 31	154.35	.....	6.80
Wider Fund Oct. 31	283.35	.....	5.27
Narrower Fd. Oct. 31	69.35	.....	14.72

*Unauthorised. Available only to Local Authorities.

M & G Group (y)(c)(z)
Three Quays, Tower Hill, EC3R 6BQ. 01-626 4588

American	71.2	76.5	+1.0	2.38
(Accum. Units)	77.1	82.9	+1.2	2.38
American Recovery	77.4	82.8	+1.1	1.40
(Accum. Units)	80.7	86.3	+1.2	1.40
Australasian	79.8	85.6	+0.5	1.92
(Accum. Units)	83.9	89.8	+0.5	1.92
Commodity	122.4	131.0	+0.3	3.69
(Accum. Units)	145.4	155.6	+0.4	3.69
Compound Growth	174.5	190.3	+0.5	3.75
Conversion Growth	120.1	128.5	+0.5	2.75
Conversion Income	74.1	79.3	.....	9.31
Dividend	127.2	136.1	+0.8	9.50
(Accum. Units)	302.6	325.8	+2.4	9.50
European	58.9	63.0	+0.2	3.61
(Accum. Units)	65.6	70.2	+0.3	3.61
Extra Yield	79.9	87.1	+0.7	10.11
(Accum. Units)	134.5	146.7	+1.2	10.11
Far Eastern	114.8	122.8	+1.1	1.55
(Accum. Units)	132.1	141.5	+1.2	1.55
Fund of Inv. Tsts.	88.3	96.2	-0.3	5.15
(Accum. Units)	122.3	133.3	-0.1	5.16
General	231.1	248.4	+2.0	6.27
(Accum. Units)	408.2	434.8	+3.6	6.27
Gilt Income	44.4	46.7	.....	12.62

Royal Tst. Can. Fd. Mgrs. Ltd.
48-50, Cannon St., London EC4M 6LD 01-236 6044

Capital Fund	96.4	103.5	.....	4.08
Income Fund	66.4	71.3	.....	10.51

Prices on Nov. 13. Next dealing day Nov. 30.

For Saburo Fund Mngt. see SIMCO

Save & Prosper Group
4, Great St. Helens, London EC3P 3EP
68-73 Queen St., Edinburgh EH2 4NX
Dealings to: 01-554 3899 or 031-225 7351

International Funds				
Capital	48.0	51.6	+0.6	2.70
I.T.U.	33.7	36.2	+0.2	4.10
Select International	357.5	384.4	+4.7	1.71
Univ. Growth	90.0	96.7	+1.4	0.73
Increasing Income Funds				
High-Yield	53.7	57.7	+0.5	8.61
Select Income	56.3	60.5	+0.3	7.01
High Income Funds				
Gilt & Fxd. Int. Inc.	45.4	47.8	-0.3	13.05
High Return	62.2	66.8	+0.4	8.89
Income	40.4	43.4	+0.1	10.92
U.K. Funds				
Gilt & Fxd. Int. Grth.	50.7	53.3	-0.3	5.08
UK Equity	60.3	64.8	+0.2	4.28
Overseas Funds (z)				
Europe	78.9	84.8	+0.2	1.44
Japan	133.7	143.7	+2.7	0.10
S.E. Asia	83.4	89.6	+1.2	0.68
U.S.	119.2	128.1	+2.0	0.73
Sector Funds				
Commodity	129.2	138.9	+1.6	3.32
Energy	137.9	148.2	+1.9	1.30
Exploration Fund (z)	38.5	41.3	+0.9	0.25
Financial Secs.	106.3	114.3	+1.4	2.59
New Technology (z)	47.8	51.3	+0.7	0.25
Fixed-Interest Fund (z)				
Intl. Bond Fd.	60.9	65.0	+0.5	2.25
Exempt Funds				
Exempt Income*	192.7	203.4	.....	7.43
Exempt Intl.*	357.0	376.5	.....	0.66

Prices at Nov. 11. Next sub. day Nov. 25.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

Building Societies

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

CANADIANS—Continued

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

BUILDING INDUSTRY—Contd.

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

INSURANCE—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCE

PROPERTY—Continued

1981 High	1981 Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
*209½	168	Laing Properties	196	......	‡4.0	1.9	2.9	26.0
£111½	£94	Do 8½pc Cv 2000-05	£101	−4	Q8¾%	—	f9.0	—
69	46	Land Invest.	51	......	1.0	1.2	2.8	42.9
352	252	Land Sec. £1	320xd	−4½	h7.6	1.4	3.4	31.1
£266	£174	Do. 10% Conv. '95	£216	−1	Q10%	38.8	f4.7	—
129	74	Law Land 20p	108	......	4h2.0	0.9	2.6	(61.9)
290	190	Lend Lease 50c	240	+12	¶Q35%	2.0	4.7	11.0
463	320	Lon. Prov. Sh. 10p	418xd	+5	2.4	1.6	0.8	97.3
*140	78	Lon. Shop Prop	108	......	3.75	1.5	5.1	(16.8)
£160½	£117	Do. 6½pc Cnv. 1984	£121	......	Q6½%	10.6	f5.4	—
£102½	£85	Do. 9pc Cnv. 1994-99	£86	......	Q9%	—	f10.5	—
316	204	Lynton Hdgs. 20p	230	......	3.4	1.5	2.1	44.8
252	184	MEPC	229	+1	†5.75	1.2	3.6	30.0
136	110	Marlborough 5½pc Pfd	120	......	13.65	1.6	16.2	—
56	32	Marlborough 5p	43	+1	0.33	2.5	1.1	(42.2)
96	55	Marler Estates	60	+2	2.0	1.6	4.8	(16.0)
29	18	McInerney 10p	22	......	Q28.6%	2.4	11.5	4.8
148	100	McKay Secs. 20p	129	......	2.7	1.8	3.2	24.9
128	76	Mountleigh	80	......	3.5	2.2	6.2	(8.5)
202	133	Mountview 5p	150	+2	2.9	7.6	2.8	6.8
125	75	Muckiow (A. & J.)	78xd	......	3.88	1.5	7.1	(11.6)
400	280	New Cavendish 5p	330	......	—	—	—	—
209	130	North Brit. Props.	150	−2	3.1	φ	3.0	φ
161	115	Peachey	140	......	4.5	1.9	4.6	16.2
13½	5¾	Pennine Com. 10p	7½	+¼	—	—	—	—
75	35	Phoenix Min. & Fin.	48	......	—	—	—	—
*174	115	Prop. Hldg. & Inv.	138	......	3.08	1.4	3.2	31.3
265	200	Prop. Part'ship.	220	......	†5.0	2.0	3.3	22.1
184	135	Prop. & Rev.	165	+5	3.0	1.6	2.6	35.2

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—Continued

Australian

1981 High	1981 Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
45	32	Acmex 50c	45	......	Q2.5c	—	3.5
41	14	ACM 20c	21	+1	—	—	—
21	8	Argosy Gold NL 25c	8	−1	—	—	—
229	134	Bond Corp.	196	−10	Q10c	2.3	4.6
112	65	Bougainville I Kina	66	+1	‡Q25.4c	1.8	‡
302	160	CRA 50c	165	......	Q19c	1.7	7.0
25	9	Canada Northwest	9	......	—	—	—
35	11	Carr Boyd 20c	14	+1	—	—	—
415	43	Central Pacific	53	......	—	—	—
35	4	Cons. Gold Min. NL 25c	4	......	—	—	—
47	13	Cultus Pacific N.L.	16	+2	—	—	—
68	22	Eagle Corp. 10c	23	......	—	—	—
40	18½	Endeavour 20c	20	......	—	—	—
550	310	G. M. Kalgoorlie 25c	350	......	Q32½c	0.9	5.7
25	6½	Great Eastern	7	......	—	—	—
125	60	Greenbushes Tin 50c	70	+5	Q6c	1.9	5.2
275	130	Hampton Areas 10p	160	+18	2.5	3.1	2.2
163	30	Heoma Gold N.L.	30	......	♦—	—	—
85	17	Intl. Mining	20	+3	—	—	—
119	24	Jimberlana (50cFP)	28	+2	—	—	—

Tins

Copper

Miscellaneous

1981 High	1981 Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
25½	12	Burma Mines 10p	14	......	0.75	0.9	7.7
330	85	Colby Res. Corp.	135	......	—	—	—
530	200	Cons. Murch. 10c	240	......	tQ30c	1.8	7.2
10	6	††Esplaura Gold	6	......	—	—	—
98	47	††Hemerdon 10c	58	......	—	—	—
180	65	Highwood Res.	75	−5	—	—	—
505	250	Northgate C$1	225	−4	—	—	—
603	372	R.T.Z.	445xd	−7	16.0	2.3	5.1
£130½	£99½	Do. 3½pc Cv Uns Ln 95-2000	£182	+1	Q9½%	—	f9.7
103	13	††SPO Minerals 10p	25	......	—	—	—
47	20	Sabina Inds. C$1	20	−2	—	—	—
44	21	‡Southwest C. 10p	30	+1	—	—	—
650	465	Tara Expln. $1	555	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ○ "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- φ Figures or report awaited.
- ☆ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡† Dealt in under Rule 163(3).
- ‡ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- φ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend: cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ☆☆ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1980-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	40	......
Bertrams	15½	+½
Bdgwtr. Est. 50p	405	......
Craig & Rose £1	513	......
Finlay Pkg. 5p	24	......
Graig Ship. £1	121	......
Higsons Brew.	67xd	......
Holt (Jos) 25p	515	......
I.O.M. Stm. £1	150	......
Pearce (C. H.)	780	−20
Peel Hldgs.	120	......
Sheff. Refrshmt	69	......
Sindall (Wm.)	190	......

IRISH

Conv. 9% '80/82	£99⅝	......
Nat. 9¾% 84/89	£70¼	......
Fin. 13% 97/02	£75	−¼
Alliance Gas	79½	......
Arnott	220xd	+2½
Carroll (P.J.)	80	......
Concrete Prods.	98	......
Helton (Hldgs.)	23	......
Irish Ropes	38	......
Jacob	63	......
T.M.G.	19	......
Unidare	56	......

OPTIONS

3-month Call Rates

Industrials		House of Fraser	13	Utd. Drapery	6½
A. Brew.	6½	I.C.I.	20	Vickers	15
BOC Intl.	[illegible]	"Imps"	5	Woolworths	4½
B.S.R.	7½	I.C.L.	5		
Babcock	9	Ladbroke	13	**Property**	
Barclays Bank	26	Legal & Gen.	23	Brit. Land	7
Beecham	17	Lex Service	9	Cap. Counties	10
Blue Circle	30	Lloyds Bank	23	Land Secs.	30
Boots	16	"Lots"	3½	MEPC	20
Bowaters	19	London Brick	6½	Peachey	15
Brit. Aerospace	17	Lucas Inds.	28	Samuel Props.	13
B.A.T.	28	"Mams"	11	Town & City	2¼
Brown (J.)	8	Mrks. & Spncr.	10		
Burton Ord.	12	Midland Bank	26	**Oils**	
Cadburys	8	N.E.I.	7	Brit. Petroleum	28
Courtaulds	5½	Nat. West. Bank	30	Burmah Oil	11
Debenhams	7	P & O Dfd.	9	Charterhall	6
Distillers	16	Plessey	26	KCA	12
Dunlop	6½	Racal Elect.	34	Premier	7
Eagle Star	25	R.H.M.	5	Shell	28
F.N.F.C.	4	Rank Org. Ord.	14	Tricentrol	25
Gen. Accident	30	Reed Intnl.	23	Ultramar	40
Gen. Electric	55	Sears	5		
Glaxo	32	Tesco	5	**Mines**	
Grand Met.	15	Thorn EMI	30	Charter Cons.	21
G.U.S. 'A'	36	Trust Houses	11	Cons. Gold	40
Guardian	30	Tube Invest.	12	Lonrho	7
G.K.N.	12	Turner & Newall	7½	Rio T. Zinc	45
Hawker Sidd.	25	Unilever	50		

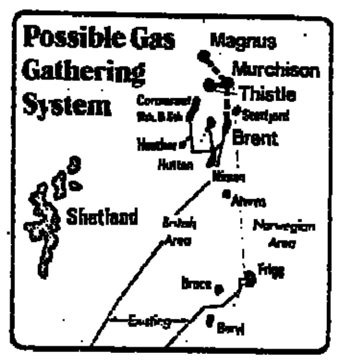
A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 30

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES

Tuesday November 24 1981



Oil groups to lay gas pipeline to Scotland

By Ray Dafter, Energy Editor

NORTH SEA OIL companies are about to start building a pipeline system to replace part of the Government's abandoned £2.7bn gas gathering network, MPs were told yesterday.

A 57-mile pipeline, costing almost £100m, will feed gas from the three most northerly fields in the North Sea—Magnus, Murchison and Thistle—into an existing link to Scotland.

Mr Hamish Gray, Energy Minister, told the Commons that full agreements covering the construction of the pipeline, the transmission of gas, and the sale of the fuel would be signed in a matter of weeks. He hoped it would be the first of many similar schemes.

It is known that several gathering systems are being discussed by offshore oil and gas producers. Companies have told the Government and British Gas that they are confident that their systems will ultimately collect at least as much gas—11 trillion (million million) cu ft, worth £25bn at current prices—as the 420-mile pipeline proposed by the Government. This project was abandoned in September due to financing problems.

Mr Gray said that the proposed northern leg pipeline would carry an average of 100m cu ft a day from the three fields (British Gas last year sold an average of 4.6bn cu ft a day). It would be in operation in 1983—one to two years ahead of the original gas gathering scheme. "This is merely the start," he said.

Although British National Oil Corporation—operator of the Thistle Field—is leading interested companies in the design and construction of the new pipeline, British Petroleum is expected to be the lead company during the operational stage. BP is the operator of the Magnus Field.

It is thought that Conoco, operator of the Murchison Field, is hoping to be able to start transporting gas by the end of next year, before the full line is operation.

Although details of the scheme have still to be announced, it is thought that British Steel Corporation will provide the pipeline. Brown and Root will use its lay-barge Semac One for the pipe-laying, and M.K. Shand, of Invergordon, will undertake the pipe coating work.

The gas will be taken to the St Fergus terminal near Peterhead in Scotland via Shell/Esso's Far North Liquids and Associated Gas System (Flags) based on the Brent Field. It is understood that British Gas Corporation has offered a price of about 16p a therm for the methane (natural gas) from the Thistle, Magnus and Murchison fields.

This price—more than three times the amount now being paid by the Corporation for gas under long-standing southern North Sea contracts — will probably be increased in future years under a formula which takes into account inflation. The price is similar to the rate recently set for Beryl Field supplies.

BP refinery sale talks, Page 7

Seamen to halt ships in P & O row

BY IVO DAWNAY, LABOUR STAFF

THE National Union of Seamen yesterday ordered an indefinite stoppage of all freight and passenger shipping between Northern Ireland and the British mainland, and a halt tto all P & O ferry services from midnight on Wednesday.

The move, which was unanimously enedorsed by the NUS executive council, is in protest against the closure by P & O of its Liverpool-Belfast ferry service with the loss of about 200 jobs. The union hopes that the action will bring pressure to bear on P & O and the Government either to re-open the service or to name two operators who are said to have expressed an interest in introducing a new ferry link on the same route.

The decision to hit shipping services to Northern Ireland came after the NUS executive and ferry port chairmen voted narrowly to reject an immediate stoppage of all P & O vessels in British and continental ports.

A call for a halt to all British flag shipping in Europe was also defeated.

Services to be hit by the stoppage of sailings to Northern Ireland are Sealink's freight and passenger ferries from Stranraier in Scotland to Larne; the Sealink container service between Belfast and Holyhead; Townsend Thoresen's freight and passenger service from Cairn Ryan in Scotland to Larne; and P & O's roll-on, roll-off cargo ships operating from Fleetwood and Liverpool to Larne and Belfast.

The ban on P & O sailings will hit a total of 17 ships including ferry services between Southampton and Le Hacre; and cross channel ships operating on the Dover to Boulogne route. The strike will also halt sailings by ferries on North Sea routes to Scandinavia and the company's services to the Shetland Islands.

The NUS said yesterday that the company's deep sea vessels could also be affected if they returned to British ports.

P & O last night warned that the strike decision would have "disastrous implications" for several thousand of the company's staff. The company claimed that the majority of its seamen wished to continue working.

The company has called for immediate talks with the NUS to resolve the dispute, although it reaffirmed that it was not prepared to consider reopening the service. "The dispute is clearly between the union and the Government," the company said.

About 160 crewmen have been occupying the two Liverpool to Belfast ferries over the past three weeks. A call for *unofficial strike action last Friday* was ignored. But four P & O vessels are currently confined to port by sympathy action in support of the striking seamen.

Shipping fleet cut by 11m tons, Page 9

Schmidt rejects Brezhnev offer of medium missiles moratorium

BY JONATHAN CARR IN BONN

MR LEONID BREZHNEV, the Soviet President yesterday proposed a moratorium on development of intermediate range nuclear weapons, just a week before arms negotiations between the superpowers begin in Geneva.

But Chancellor Helmut Schmidt, the West German leader, rejected the suggestion, made during the Soviet leader's first day of talks in Bonn, on the grounds that it would freeze Moscow's existing military advantage, gained above all through its 250 SS-20 missiles, many pointing at Western European targets.

This exchange in the talks at Schloss Gymnich outside Bonn follows weeks of speculation about what offer Moscow might dangle before the Germans on the eve of the Geneva talks.

It was felt that Mr Brezhnev might make a dramatic proposal—aimed in particular at encouraging the growing German "peace movement" which opposes Nato's stand on nuclear missiles.

Officials close to the talks said that Mr Brezhnev had stressed that Moscow might be willing to back up its proposed moratorium with a withdrawal of some Soviet missiles from European Russia. This offer was apparently made with more emphasis than earlier similar proposals from the Russians.

Herr Schmidt replied that this proposal would make no difference, because SS 20s could still hit Hamburg and Bonn, even if they were stationed behind the Urals.

Official spokesmen for both sides said that the talks had been held in a very good atmosphere. But evidently Herr Schmidt used the occasion for some plain speaking, delivering a message which for the most part can hardly have been what Mr Brezhnev was hoping to hear.

The Chancellor underlined that the Nato "arm and negotiate" decision of December 1979 had been a direct result of the Soviet build-up in the intermediate-range nuclear field—a build-up which had continued since.

Herr Schmidt said he hoped greatly that the talks between Moscow and Washington would be successful. But if they were not, Moscow should be in no doubt that West Germany would accept deployment of new U.S. missiles on its territory from the end of 1983.

Herr Schmidt said he could understand that the Russians felt such missiles would be a threat—but likewise Moscow had to understand that the Europeans felt threatened by the existing Soviet missiles.

This is directly contrary to Moscow's position—forcefully restated yesterday by Mr Leonid Zamyatin, the Soviet spokesman—that the Russian intermediate-range build-up was in response to an existing Nato challenge.

Reuter reports from Moscow: Pravda, the Russian daily newspaper, said yesterday that joint West German-Italian proposals for further development of the Common Market towards a European political union were aimed at turning it into a new military bloc.

Moscow may woo former Afghan king, Page 5
Unpalatable medicine on gas deal, Page 6

WestLB to end London Eurodollar operation

By Alan Friedman

WESTDEUTSCH Landesbank, the third-largest bank in West Germany, is to withdraw its Eurodollar bond trading operations from London during the first half of next year.

Dr Axel Kollar, a member of the bank's managing board, said last night the removal to WestLB's headquarters in Dusseldorf was designed to centralise trading, save on overhead costs and create a more integrated Eurodollar business.

Dr Kollar stressed that the London operation, set up in 1975, consisted of a small number of people who could be more useful to WestLB as part of a larger team in Dusseldorf.

"I want to take them back to Dusseldorf, not to withdraw from trading, but because I feel we can do better as a central team," he said.

Dr Kollar said the London operation handled only a small part of overall Eurobond volume. He denied it had made any losses in Eurodollar bond trading.

The rest of the bank's London branch operation, established in 1973, would continue to function at WestLB's Moorgate office.

In London, Herr Hans Leukers, a senior vice-president of the bank, said the move to Dusseldorf should not be seen as an admission of losses. One of the reasons behind the move was a desire to emphasise "placing power" in the Eurobond market; the placing of Eurobond paper could be done more effectively in Dusseldorf, he claimed.

West LB share transfer, Page 26

Soviet Caucasus riot reported

BY DAVID SATTER IN MOSCOW

THOUSANDS of Soviet citizens besieged the local communist party headquarters and fought pitched battles with police an dthe army for three days last month in Ordzhonikidze, a regional capital in the North Caucasus.

Among the worst outbreaks of civil disorder in the Soviet Union for 25 years, the disturbances began on October 23, and led to occupation of the city's Central Square by the demonstrators. Bricks and clubs were hailed on police and soldiers attempting to disperse the crowds with tanks.

The disorders ended on October 25, according to reports reaching Moscow, when crowds left the city centre after reportedly being addressed by Mr Mikhail Solomentsev, Prime Minister of the Russian Federation—the largest and most important of the Soviet republics. Mr Solomentsev, on his arrival from Moscow, promised to investigate the demonstrators' grievances.

The clashes gave way on Monday, October 26, to a transport strike which paralysed public transport in Ordzhonikidze, a city of 283,000 and capital of the North Ossetian Autonomous Republic.

According to reports, the disorders began with a complaint over the murder of an Ossetian taxi driver by an Ingush, a member of another Caucasian national group.

The family of the dead man took his body in a coffin to party headquarters and demanded a meeting with Mr Bilar Kabaloyev, the local Communist Party leader, whom they accused of failing to investigate the case.

Mr Kabaloyev refused to meet the family and when an angry crowd gathered in the square it was dispersed by police cadets from a nearby academy of the Ministry of Internal Affairs.

The protesters retreated to the sidestreets, armed themselves with bricks and clubs and attacked the cadets, driving them from the square.

The crowd quickly grew into thousands, and other grievances, including charges of police brutality and accusations of corruption were aired.

On October 25, however, soldiers drove through the square in tanks, firing blanks to disperse the crowd. The tanks were pelted with bricks and rocks as smoke from smoke bombs or tear gas rose as high as a six-storey building.

Gibraltar Navy docks to close

BY BRIDGET BLOOM

THE BRITISH Government is to close the Royal Dockyard at Gibraltar and curb operations at the RAF airfield as part of its effort to cut defence spending.

Closure of the dockyard, which was announced in a written answer to a parliamentary question addressed to Mr John Nott, the Defence Secretary yesterday, will begin next year and be completed in 1983. It will involve the loss of more than 1,000 jobs. Compensation to the Gibraltar Government may have to be paid unless "possible economic alternatives" can be found such as selling the dockyard to commercial concerns.

A team of senior officials leaves London today for two days of talks with Sir Joshua Hassan, Gibraltar's Chief Minister, on the implications of the closure.

The Gibraltar dockyard closure was foreshadowed last June in the Defence Review, when it was announced that the dockyard at Chatham, Kent, was also to be closed and work at Portsmouth greatly curtailed.

The Ministry of Defence said last night that the base and naval refuelling facilities would not be closed. Officials insist Gibraltar will thus retain its key military role as a "choke point" on the western end of the Mediterranean.

Weather

UK TODAY

MOST districts will have showers, wintry in the north. Frost will cause icy roads in some places.

London, S. England, Midlands, S. Wales, Channel Islands
Sunny periods between showers. Frost later. Winds northwest, strong. Max. 5C (41F).

N., E. England, N. Wales, Isle of Man, N.W., S.W. Scotland, N. Ireland
Wintry showers. Frost. Winds strong to gale. Max. 4C (39F).

N.E. Scotland, Moray Firth, Orkney, Shetland
Wintry showers, drifting. Frost. Severe gale moderating. Max. 2C (36F).

Outlook: Very cold. Showers.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	17	63	L.Ang.†	—	—	—
Algiers	S	23	73	Luxmbg.	C	7	45
Amsdm.	C	10	50	Luxor	S	25	77
Athens	—	—	—	Madrid	F	13	55
Bahrain	—	—	—	Majorca	F	20	68
Barclna.	S	18	64	Malaga	F	20	68
Beirut	S	18	64	Malta	C	19	66
Belfast	F	5	41	M'chstr.	R	11	52
Belgrd.	S	14	57	Melbne.	S	31	88
Berlin	S	13	55	Mex.C †	—	—	—
Biarritz	S	20	68	Miami†	—	—	—
Bmghm.	R	12	54	Milan	C	6	43
Blackpl.	R	5	41	Montrl.†	—	—	—
Bordx.	S	16	61	Moscw.	Sn	0	32
Boulgn.	S	12	54	Munich	S	15	59
Bristol	R	14	57	Nairobi	F	26	79
Brussels	F	14	57	Naples	F	15	59
Budpst.	S	14	57	Nassau	—	—	—
Cairo	S	21	70	Nwcstl.	R	5	41
Cardiff	C	13	55	N.York†	—	—	—
Cas'b'ca	S	26	79	Nice	S	15	59
Cape T.	S	19	66	Nicosia	S	18	64
Chicg.†	—	—	—	Oporto	C	18	64
Cologne	—	—	—	Oslo	C	0	32
Cpnhgn.	R	9	48	Paris	F	14	57
Corfu	S	17	63	Perth	F	22	72
Denver†	—	—	—	Prague	S	12	54
Dublin	S	5	41	Rykjvk.	S	6	21
Dbrvnk.	S	15	59	Rhodes	S	17	63
Ednbgh.	C	5	41	Rio J'ot	—	—	—
Faro	S	20	68	Rome	C	15	59
Florence	C	13	55	Salzbrg.	F	12	54
Frankft.	F	10	50	S'ciscot	—	—	—
Funchal	—	—	—	S. Mrtz.	—	—	—
Geneva	S	13	55	Singapr.	—	—	—
Gibrltr.	F	19	66	S'tiagot	—	—	—
Gl'sg'w	F	6	43	Stckhm	R	1	34
G'rnsey	R	12	54	Strasbg.	F	12	54
Helsinki	C	0	32	Sydney	S	21	70
H.Kong	C	23	73	Tangier	S	24	75
Innsbrk.	S	9	48	Tel Aviv	S	20	68
Invrnss.	C	4	39	Tenerife	—	—	—
I.o.Man	C	5	41	Tokyo	C	7	45
Istanbul	S	14	57	T'n'dot	—	—	—
Jersey	C	12	54	Tunis	S	19	66
Jo'burg	F	24	75	Valencia	S	17	63
L.Plms.	F	25	77	Venice	S	8	46
Lisbon	—	—	—	Vienna	F	14	57
Locarno	S	7	45	Warsaw	—	—	—
London	C	11	52	Zurich	F	12	54

C—Cloudy. F—Fair. R—Rain. S—Sunny. Sn—Snow.

Continued from Page 1

Paisley

ber of Commerce said many companies had been intimidated into closing. Police said there had beena few cases of reported intimidation.

Even at the rallies, the divisions in the Unionist ranks broke through. At the Official Unionist meeting at Belfast City Hall there was a row on the platform between a prominent party member, Mr Robert McCartney, QC, and Mr Paisley, who was waiting to start his own meeting.

Mr McCartney's criticism of Mr Paisley's disruptive tactics in the Commons was echoed at the shipyard meeting, by Mr Harold McCusker, the Official Unionist MP for Armagh.

He said government policy would not be changed by insulting the Government and the Parliament to which Unionists gave allegiance.

Mr Paisley's own Belfast meeting was attended by about 5,000 people. After it he marched to the Northern Ireland Parliament buildings at stormont. There he told the crowd of about 2,000 that it would not be long before they were back inside Stormont.

Tebbit plan Continued from Page 1

posals "are another step towards achieving both these objectives."

The Institute of Directors, which campaigned hard for tougher measures than those which Mr James Prior, Mr Tebbit's predecessor as Employment Secretary, had been thought likely to introduce, said the proposals "begin to bring unions within the framework of law which applies to the rest of society, invite them to undertake a long overdue reform of their internal democracy and above all put some onus on trade union leaders to act responsibly in the interests of all their members."

The Engineering Employers' Federation welcomed the Government's "step by step" approach, but regretted that its proposals for laying off mployees during selective strikes were not included.

Both the large building employers' federations — the Federation of Civil Engineering Contractors and the National Federation of Building Trade Employers — welcomed the outlawing of union labour-only clauses in contracts.

The right-wing business group Aims for Freedom and Enterprise said the proposals were "a step in the right direction."

● The TUC's finance and general purposes committee yesterday agreed to subsidise the cine technicians' union in its apepal to the Lords on a blacking case in which it was found to hava unlawfully interfered with television material

Tory welcome Continued from Page 1

them are, concerned that suggested limits on trade union immunities could prove more restrive than appears at first sight, and they were also taking a close look at the proposals on periodic ballots on closed shops.

Labour will clearly oppose the measures, to be put forward in a Bill in the New Year, on the basis that they are what Mr Eric Varley, Shadow Employment spokesman carried a "kick in the teeth for the trades unions."

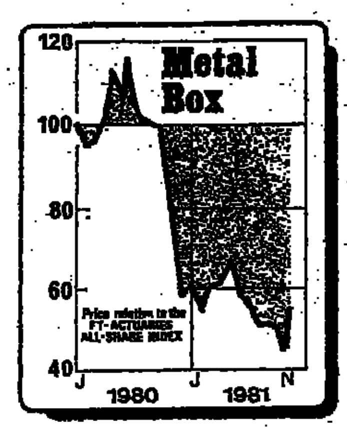
Several Labour MPs questioned how the proposals would improve industrial relations or reduce unemployment.

A number of Opposition speakers said the proposals had been rushed out yesterday to try to influence the by-election on Thursday at Crosby. Mr Tebbit took the opportunity in the Commons to attack the record of Mrs Shirley Williams, the Social Democrat candidate there, while at Crosby Mrs Williams herself called the Government proposals a recipe for industrial disaster.

THE LEX COLUMN

Dividend teaser at Metal Box

Index fell 2.4 to 517.8



With the worst of the destocking over, Metal Box has produced pre-tax profits of £18.7m for the half-year to September, which compares with *£9.2m in the preceding* six months and is in touch with the £19.9m of the same period in 1980. Nor is the burden of reorganisation—an item with a tendency to wander in the past—quite so great, being roughly halved to £5.4m and placed firmly below the line.

The key features are the reduction in the trading loss of the open top division, from £2.7m in the preceding half to £0.3m; a return to something like profitability in general line sales; and a further increase in the contribution from abroad. The weakness o fsterling has of course been one factor here; nevertheless the U.S. contribution has doubled to £5.6m and South Africa has continued to improve in local currency terms. Elsewhere the benefits of cost elimination are slowly coming through. The central heating division continues in loss, although the underlying trend in the UK is healthier. Margins in the paper and plastics division have improved.

The imbalance between foreign and UK earnings has produced a 61 per cent tax charge and substantial unrecoverable ACT. The interest charge is mounting—at £17m it is roughly twice the level of the same period a year ago—and there is likely to be a further cash outflow this year. So net debt will move about 50 per cent of shareholders' funds. In this context the 20 per cent hike in the interim dividend is rather puzzling. Pre-tax profits this year may exceed £40m, with a further improvement next year, but the dividend will be nowhere near covered by current cost earnings. However, it is never too early to prepare the ground for a rights issue; the shares rose 12p yesterday to 168p, to produce a prospective yield of 10½ per cent.

Markets

The Government Broker now has an unrivalled range of wares on offer in the gilt-edged market, following Friday's issue of three £250m tranches of stock, and the institutions received a boost to their cash flow from heavy dividend payments and a redemption yesterday. That combination might have led to a lively day, but prices drifted back to show falls of around ¾ point.

Despite the gilt-edged flows and a hefty chunk of rate support grant, there was another big shortage in the money markets yesterday as bills matured in the Bank of England's hands and sale and repurchase agreements expired. Once again the Bank's ops room handled a dazzling array of paper, even managing to dig out some of the very short bills which are now scarce, since most bills get bought by the Bank long before they approach redemption.

These were dealt at an unchanged 14⅝ per cent but only accounted for £1m of the £357m of Bank intervention, and so contribute little to the clearing banks' debate on base rates. The Bank's 14⅝ per cent dealing rate on three month bills could justify a small cut in base rates, but the upward pressure on rates that December seems likely to bring argues the other way.

Hong Kong merger

The merger between Hong Kong and Kowloon Wharf and World International, announced yesterday, will produce a mighty new combine in Hong Kong—with Sir Y. K. Pao firmly ni control. It will produce a business with a strong balance sheet, a healthy cash flow, and a market capitalisation in the order of £1bn.

At present, Sir Y. K. Pao's family interests own two thirds of World's shares, and World in turn owns 45 per cent of Wharf. However the deal takes the form of an offer by Wharf for World, mainly in shares and topped up with a little cash. There are no prizes for guessing why it is being done this way around: Wharf is on a p/e of about 29, which is more than twice the earnings multiple for World.

The result is a sharp boost in Wharf's earnings per share, up by nearly two-fifths on a pro-forma basis. But of course the quality of those earnings *suffers proportionately*, and the full implications of this deal for independent shareholders in Wharf are not yet clear.

This is because a key figure is missing from the preliminary announcement — an up-to-date aset value for Wharf. World's shipping interests have been revalued, to show a net worth of around £275m (for perspective, that is broadly in line with the last published figure for Ocean Transport). Wharf is proposing to issue new shares and cash with a roughly similar value, and at the same time World's present shareholding in Wharf will be passed on directly to World's own shareholders.

At the end of it all, Wharf's share capital will rise by over a quarter, so the asset dilution could be significant. In theory, at least, its shares could show some weakness. But there have been strong rumours about a marriage of some kind between the two companies, and it will probably have little impact on the Hong Kong market as a whole.

Avana

Avana has made a tasty meal of Robertson Foods. The acquisition has given a boost to profits just when the original businesses have begun to sputter, with particularly tough conditions until very recently on the meat front. Nearly all the volume and profits growth in the six months to September came from Robertson, whose slimmed-down Manchester plant, as forecast in its bid defence, has now come into profit. The enlarged group reported £3.6m pre-tax against £2.0m for Avana alone last year, and for the full year £10m should be on the cards. This puts the shares, up 2p to 240p yesterday, on a fully-taxed multiple of around 17, while the prospective yield is 3.6 per cent.

Avana has been putting more money behind Robertson, particularly in brand promotion, but it does not expect the business as a whole to absorb cash this year. The strength of the balance sheet leaves plenty of room for further acquisitions — if not in the once favoured fruit juice, a product which is turning into too much of a commodity for Avana's taste. Northern Foods' 20 per cent stake can only increase Avana's urge to grow further through acquisition; it does not want to turn into a tasty meal itself.

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